



County

Nassau

Office of Purchasing

Staff Summary A-32-2015

Subject: Helicopters (RQPD15000422,-S/B # 1520-04285-047)
Department: Office of Purchasing
Department Head Name: Frank Intagliata
Department Head Signature

Date: June 11, 2015
Vendor Name: Bell Helicopter Textron Inc.
Contract Number A-32-2015
Contract Manager Name Timothy Funaro

Proposed Legislative Action					
	To	Date	Approval	Info	Other
	Assgn Comm				
	Rules Comm				
	Full Leg				

Internal Approvals			
Date & Init.	Approval	Date & Init.	Approval
	Dept. Head	7/3/15	Counsel to C.E.
	Budget	6/26/15	County Atty.
	Deputy C.E.	7/2/15	County Exec

INSURANCE O.K. - Q.Q. 6/26

Narrative

Purpose: To authorize and award a Purchase Order for Helicopters for the Nassau County Police Department Aviation Unit.

Discussion: This solicitation was advertised in Newsday and posted to the Nassau County Bid Solicitation Board where four (4) vendors were notified electronically of the bid. Minority Affairs was given a copy of the bid. Three (3) bids were received.

The low bidder, Air Bus Helicopter, did not satisfy all required bid specifications nor conform to all material requirements. Specifically, the bid specifications required that bidders must comply with the following specifications: (i) Federal Aviation Regulation (FAR) part 27 amendments 32 and 44; (ii) Maintenance Steering Group 3 standards, or acceptable equivalent; (iii) 4-axis autopilot; (iv) Fast Rope Insertion System; (v) side door loading; and (vi) tactical seating. Air Bus Helicopter does not meet these required material bid specifications. Many of the required bid specifications that Air Bus Helicopter did not meet were important safety features and Federal Aviation Administration standards. The determination that Air Bus Helicopter does not meet these specifications has been made by the Director of Purchasing based upon communications with the Aviation Unit. For these reasons, the Director of Purchasing recommends awarding this purchase order to the next lowest bidder, who has been determined to be the lowest responsible bidder meeting bid specifications, Bell Helicopter Textron Inc.

Impact on Funding: This purchase is for two (2) helicopters at a cost of Eight Million Two Hundred Thousand Dollars (\$8,200,000.) each for a total amount of Sixteen Million Four Hundred Thousand Dollars (\$16,400,000.) from Capital Project 50628.

Recommendation: Office of Purchasing recommends awarding a purchase order to Bell Helicopter Textron Inc. as the lowest responsible bidder meeting bid specifications.

RECEIVED
CLERK OF THE LEGISLATURE
JUN 11 2015

COUNTY OF NASSAU

INTER – DEPARTMENTAL MEMO

TO: CLERK OF THE COUNTY LEGISLATURE

A-32-2015

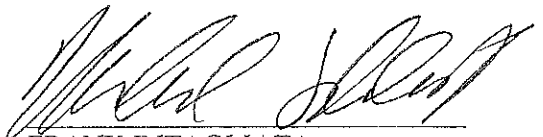
FROM: FRANK INTAGLIATA, COMMISSIONER OF SHARED SERVICES
OFFICE OF PURCHASING

DATE: JUNE 19, 2015

SUBJECT: RESOLUTION-NASSAU COUNTY POLICE DEPARTMENT AVIATION UNIT

THIS RESOLUTION IS RECOMMENDED BY THE DIRECTOR, OFFICE OF PURCHASING TO AUTHORIZE AN AWARD AND TO EXECUTE A PURCHASE ORDER IN THE AMOUNT OF SIXTEEN MILLION FOUR HUNDRED THOUSAND DOLLARS (\$16,400,000.00) ON BEHALF OF NASSAU COUNTY POLICE DEPARTMENT AVIATION UNIT TO BELL HELICOPTER TEXTRON INC. WHO IS THE LOWEST RESPONSIBLE BIDDER MEETING SPECIFICATIONS TO PROVIDE TWO HELICOPTERS FOR NASSAU COUNTY POLICE DEPARTMENT AVIATION UNIT.

THE ABOVE DESCRIBED DOCUMENT ATTACHED HERETO IS FORWARDED FOR YOUR REVIEW AND APPROVAL AND SUBSEQUENT TRANSMITTAL TO THE RULES COMMITTEE FOR INCLUSION IN ITS AGENDA.


FRANK INTAGLIATA
COMMISSIONER OF SHARED SERVICES
OFFICE OF PURCHASING

MS: br

ENCL: (1) STAFF SUMMARY
(2) DISCLOSURE STATEMENT
(3) RESOLUTION
(4) BID SUMMARY
(5) BID PROPOSAL
(6) CERTIFICATE OF LIABILITY INSURANCE
(7) RECOMMENDATION OF AWARD



DISCLOSURE STATEMENT

THE NASSAU COUNTY LEGISLATURE REQUIRES THE FOLLOWING INFORMATION PRIOR TO CONSIDERATION FOR AN AWARD.

Bidders Name: **BELL HELICOPTER TEXTRON INC.**

Address: **3255 BELL HELICOPTER BOULEVARD, FORT WORTH, TX 76118**

Telephone No: **817-280-3237**

Fax No: **817-278-3237**

1. State Whether: A Corporation **A CORPORATION**
Individual _____
Partnership _____

GUIDELINES FOR DISCLOSURE

THE NASSAU COUNTY LEGISLATURE REQUIRES THE NAMES AND HOME* ADDRESSES OF ALL PRINCIPALS. DISCLOSURE MUST BE PROVIDED AS INDICATED BY TYPE OF OWNERSHIP. (PLEASE LIST ALL REQUIRED INFORMATION ON A SEPARATE SHEET AND ATTACH TO BID.)

- 1) Sole Proprietorship/Individual. The Name and Home Address of the Sole Proprietorship/Individual.
- 2) Closely Held Corporation. The Name and Home Addresses of all Shareholders, Officers and Directors.
- 3) Publicly Traded Corporation. Only the page(s) of the SEC FORM 10-K setting forth the name of all officers and directors. (**REFERENCE ATTACHMENT B FOR THE SEC FROM 10K FOR TEXTRON INC., A PARENT COMPANY OF BELL HELICOPTER TEXTRON INC.**)
- 4) Not for Profit Corporation. The Names and Home Addresses of all members, Officer and Directors.
- 5) Partnership. The Names and Home Address of all General and Limited Partners.
- 6) Limited Liability Company. The Names and Home Addresses of all Members.
- 7) Limited Liability Partnership. The Name and Home Addresses of all Members.
- 8) Joint Venture. The Names and Home Addresses of all Joint Ventures.

NOTE: IF ANY ENTITY IS TIERED, YOU MUST ALSO LIST ALL INDIVIDUAL PRINCIPALS OF THE TIERED ENTITY.
*IN THE CASE OF PUBLICLY TRADED CORPORATIONS THE SEC FORM 10K SUFFICES AND HOME ADDRESSES ARE NOT NECESSARY.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE


BIDDER

DIRECTOR OF CONTRACTS
TITLE

A RESOLUTION AUTHORIZING THE DIRECTOR OF NASSAU COUNTY OFFICE OF PURCHASING TO AWARD AND EXECUTE A CONTRACT BETWEEN THE COUNTY OF NASSAU ACTING ON BEHALF OF NASSAU COUNTY POLICE DEPARTMENT AVIATION UNIT AND BELL HELICOPTER TEXTRON INC.

WHEREAS, the County of Nassau on behalf of the NASSAU COUNTY OFFICE OF PURCHASING has received competitive bids #1520-04285-047 for two helicopters for Nassau County Police Department Aviation Unit as more particularly described in the bid document; and


WHEREAS, the Director is representing to the Rules Committee that the firm, BELL HELICOPTER TEXTRON INC. submitted the lowest responsible bid that meets all specifications for the product described in the said contract as determined by the Director of the Office of Purchasing.

RESOLVED, that the Rules Committee of the Nassau County Legislature authorizes the Director, Office of Purchasing to award and execute the said Purchase Order with BELL HELICOPTER TEXTRON INC.

TITLE: HELICOPTER

Date May 13, 2015 Christine C. Crowley
/ PUBLIC BID OFFICER
Project II

FORMAL SEALED BID PROPOSAL

	STATE OF NEW YORK		BID NUMBER 1520-04285-047
	COUNTY OF NASSAU		Dated: Ad. 04/09/2015
	BIDS WILL BE RECEIVED AND OPENED AT OFFICE OF PURCHASING 1 West Street 1 st Floor North Entrance MINEOLA, NEW YORK 11501		BID OPENING DATE April 28, 2015 11:00 A.M. E.D.S.T.
BUYER Timothy Funaro		TELEPHONE (516) 571-7720	REQUISITION NUMBER RQPD15000326

PREPARE YOUR BID ON THIS FORM USING BLACK INK OR TYPEWRITER

BID TITLE: Helicopter

- ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED

THE UNDERSIGNED BIDDER AFFIRMS AND DECLARES THAT HE/SHE HAS CAREFULLY EXAMINED THE ADVERTISED INVITATION FOR BIDS, THE BID TERMS AND CONDITIONS, AND DETAILED SPECIFICATIONS, AND CERTIFIES THAT THIS BID IS SIGNED WITH FULL KNOWLEDGE AND ACCEPTANCE OF ALL THE PROVISIONS THEREOF AND OFFERS AND AGREES, IF THIS BID IS ACCEPTED WITHIN NINETY (90) DAYS FROM THE BID OPENING DATE TO FURNISH ANY OR ALL THE ITEMS UPON WHICH PRICES ARE HEREINAFTER QUOTED IN THE QUANTITY AND AT THE PRICES BID.

CASH DISCOUNT OF ZERO PERCENT WILL BE ALLOWED FOR PROMPT PAYMENT WITHIN 20 BUSINESS DAYS.

THE BIDDER CERTIFIES THAT: (A) THE BID HAS BEEN ARRIVED AT BY THE BIDDER INDEPENDENTLY AND HAS BEEN SUBMITTED WITHOUT COLLUSION WITH ANY OTHER VENDOR OF MATERIALS, SUPPLIES OR EQUIPMENT OF THE TYPE DESCRIBED IN INVITATION FOR BIDS, AND (B) THE CONTENTS OF THE BID HAVE NOT BEEN COMMUNICATED BY THE BIDDER, NOR, TO ITS BEST KNOWLEDGE AND BELIEF, BY ANY OF ITS EMPLOYEES OR AGENTS, TO ANY PERSON NOT AN EMPLOYEE OR AGENT OF BIDDER OR ITS SURETY ON ANY BOND FURNISHED HERewith PRIOR TO OFFICIAL OPENING OF THE BID.

DELIVERY MADE TO: Nassau County Police Aviation Unit 101 Grumman Road West Bethpage, New York 11501	GUARANTEED DELIVERY DATE: 270 DAYS AFTER DEFINITION OF FINAL CONFIGURATION FOR BOTH HELICOPTERS AFTER RECEIPT OF ORDER
	EMPLOYERS FEDERAL TAX ID NUMBER 05-0393946

TOLL FREE TELEPHONE NUMBER:

BIDS MUST BE SIGNED BY PROPRIETOR, PARTNER OR OFFICER AUTHORIZED TO SIGN FOR CORPORATION

NAME OF BIDDER				BELL HELICOPTER TEXTRON INC.							
ADDRESS								3255 BELL HELICOPTER BOULEVARD			
CITY		STATE		ZIP CODE		TELEPHONE					
FORT WORTH		TX		76118		817-280-3237					
SIGNATURE OF AUTHORIZED INDIVIDUAL						JOE GINTY, DIRECTOR OF CONTRACTS PRINT OR TYPE NAME OF SIGNER AND TITLE					

IN EXECUTING THIS BID, THE BIDDER WARRANTS THAT THE PRICES SUBMITTED HEREIN ARE NOT HIGHER THAN THOSE OFFERED TO ANY GOVERNMENTAL OR COMMERCIAL CONSUMER FOR LIKE DELIVERIES. THE PRICES HEREIN SHOULD NOT INCLUDE ANY FEDERAL EXCISE TAXES OR SALES TAXES IMPOSED BY ANY STATE OR MUNICIPAL GOVERNMENT. SUCH TAXES, IF INCLUDED, MUST BE DEDUCTED BY THE BIDDER WHEN SUBMITTING BID. BIDDERS ARE REQUESTED TO ALSO READ THE TERMS AND CONDITIONS.

BID TERMS AND CONDITIONS

1. Bids on equipment must be on standard new equipment, latest model, except as otherwise specifically stated in proposal or detailed specification. Where any part of nominal appurtenances of equipment is not described, it shall be understood that all equipment and appurtenances which are usually provided in the manufacturer's stock model shall be furnished.

2. Bids on materials and supplies must be for new items except as otherwise specifically stated in bid or detailed specifications.

3. Bidder declares that the bid is made without any connection with any other Bidder, submitting a bid for the same items, and is in all respects and without collusion or fraud.

4. PRICES The provisions of the New York State Fair Trade Law (Fedor-Crawford Act) and the federal price discrimination law (Robinson-Patman Act) do not apply to purchases made by the County.

5. SURETY In the event that an award is made hereunder, The Director of Purchase reserves the right to request successful bidders to post, within one week, security for faithful performance, with the understanding that the whole or any part thereof may be used by the County of Nassau to supply any deficiency that may arise from any default on the part of the Bidder. Such security must meet all the requirements of the County Attorney and be fair approved by the County Attorney.

6. **SAMPLES** Samples, when required, must be submitted strictly in accordance with instructions; otherwise bid may not be considered. If samples are requested subsequent to bid opening they shall be delivered within five (5) days of the request for bid to have consideration. Samples must be furnished free of charge and must be accompanied by descriptive memorandum invoices indicating if the Bidder desires their return; also specifying the address to which they are to be returned, provided they have not been used or made useless by tests. Award samples may be held for comparison with deliveries. Samples will be returned at the Bidders risk and expense.
7. **Award** The Director, Office of Purchasing reserves the right before making award to make investigations as to whether or not the items, qualifications or facilities offered by the Bidder meet the requirements set forth herein and are sample and sufficient to insure the proper performance in the event of award. The Bidder must be prepared, if requested by the Director, to present evidence of experience, ability and financial standing, as well as a statement as to plant, machinery and capacity of the manufacturer for the production and distribution of the material on which he is bidding. Upon request of the Director, successful bidder shall file certification from the manufacturer relative to authorization, delivery, service and guarantees. If it is found that the conditions of the bids are not complied with or that articles or equipment proposed to be furnished do not meet the requirements called for, or that the qualification, financial standing or facilities are not satisfactory, the Director may reject such bids. It is distinctly understood, however, that nothing in the foregoing shall mean or imply that it is obligatory upon the Director to make any examinations before award; and it is further understood that, if such examination is made, it in no way relieves the Bidder from fulfilling all requirements and conditions of the bid.
8. **Awards** will be made to the lowest responsible Bidder. Cash discounts will not be a factor in determining awards, except in tie bids. Consideration will be given to the reliability of the Bidder, the quantities of the materials, equipment or supplies to be furnished, their conformity with the specifications, the purpose for which required and the terms of delivery.
9. The Director reserves the right to reject and all bids in whole or in part and to waive technical defects, irregularities and omissions if in his judgment the best interests of the County will be served.
10. Unless otherwise indicated herein, the Director reserves the right to make award by items, by classes, by group of items, or as a whole.
11. **DELIVERIES** Upon failure of the Vendor to deliver within the time specified, or within reasonable time as interpreted by the Director, or failure to make replacement of rejected articles, when so requested immediately or as directed by the Director, the Director may purchase from other sources to take the place of the item rejected or not delivered. The Director reserves the right to authorize immediate purchase from other sources against rejections on any order when necessary. On all such purchases the Vendor agrees to promptly reimburse the County for excess cost occasioned by such purchases. Should the cost be less, the Vendor shall have no claim to the difference. Such purchases will be deducted from order quantity.
12. An order may be canceled at the Vendors expense upon nonperformance. Failure of the Vendor to furnish additional surety within ten (10) days from date of requested shall be sufficient cause for the cancellation of the order.
13. When in the determination of the Director, the articles or equipment delivered fail to meet County specifications or, if in the determination of the Director, the Vendor consistently fails to deliver as ordered, the Director reserves the right, to cancel the order and purchase the balance from other sources at Vendor expense
14. Delivery must be made as ordered and in accordance with the bid. If delivery instructions do not appear on order. It will be interpreted to mean prompt delivery. The decision of the Director as to reasonable compliance with delivery terms shall be final. Burden of proof of delay in receipt of order shall rest with the Vendor.
15. The County Agencies will not schedule any deliveries for Saturdays, Sundays or Legal Holiday, except commodities required for daily consumption or where the delivery is an emergency, a replacement, or is overdue, in which event the convenience of the Agency will govern
16. Supplies shall be securely and properly packed for shipment, according to accepted commercial practice, without extra charge for packing cases, reels, bailing or sacks, the containers to remain the property of the agency unless definitely stated otherwise in the bid.
17. The Vendor shall be responsible for delivery of supplies in good condition at point of destination. The Vendor shall file all claims with carrier for breakage, imperfections and other losses, which will be deducted from invoices. The receiving Agency will note for the benefit of Vendor when packages are not received in good conditions.
18. All supplies which are customarily labeled or identified must have securely affixed thereto the original un-mutilated label or marking of the manufacturer.
19. Billings for deliveries must be rendered on County claim forms.
20. Furniture, machines, and other equipment must be delivered, installed and set in place as directed, ready for use unless otherwise specified.
21. Deliveries are subject to reweighing at destination by the County and payment will be made on the basis of materials delivered. Normal shrinkage will be allowed in such instances where shrinkage is possible. Short weight shall be sufficient cause for cancellation of order at Vendors expense.
22. **GURANTEES BY BIDDER** Bidder hereby guarantees: (a) To save the County, its agents and employees harmless from liability of any nature or kind for the use of any copyrighted or un-copyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance hereof of which the Bidder is not the Patentee, assignee or licensee, and to defend any action brought against the County in the name of the County and under the direction of the County Attorney at the sole cost of the Bidder or in the sole option of the Director to pay the cost of such defense to the County. (b) His products against defective material or workmanship and to repair any damages or marring occasioned in transit.

(c) To furnish adequate protection from damage for all work and to repair damages of any kind, for which he or his workmen are responsible, to the building or equipment, to this own work or the work of other Vendors, or in the opinion of the Director to pay for the same by deductions in payments due under this contract.

(d) To pay for all permits, licenses and fees and give all notices and comply with all laws ordinances, rules and regulations of the city, village or town in which the installation his to be made, and of the County of Nassau and the State of New York.

(e) To carry proper insurance in the opinion of the Director, and approved by the County Attorney to protect the County from loss in case of accident, fire and theft.

(f) That he will keep himself fully informed, of all municipal ordinances and regulations, state and national laws in any manner affecting the work or goods herein specified, and any extra work contracted for by him, and shall at all times observe and comply with said ordinances, laws and regulations, including all provisions of the Workmen Compensation and Labor Laws, and shall indemnify and save harmless the County of Nassau and the Nassau County Legislature from loss and liability upon any and all Claims on account of any physical injury to persons, including death, or damage to property and from all cost and expenses in suits which may be brought against the same on account of such injuries irrespective of the actual cost of the same and irrespective of whether the same shall have been due to the negligence of the Bidder or his agents.

(g) That the items furnished shall conform to all the provisions of the bid and this warranty shall survive acceptance, or use of any material so furnished.

(h) That all deliveries will not be inferior to the accepted bid sample.
23. **LABOR LAWS and ANTIDISCRIMINATION.** Upon the vendor acceptance hereof, the vendor agrees to comply with Article IX, Section 2 C of the Constitution of the State of New York, Section 220a, 220b, 220d, 220e and 230 of the Labor Law, Section 5 and 12 of the Lien Law, Article 2 of the Uniform Commercial Code, Sections 108 and 109 as well as Article 18 of the General Municipal Law, Section 2218 of the County Government Law of Nassau County. Section 224.2 of the Nassau County Administrative Code, the provisions of the anti-Discrimination Order of Nassau County, and the vendor shall keep himself fully informed of all additional municipal ordinances and regulations, State and National Laws in any manner affecting this order and the goods or services delivered or rendered or to be delivered or rendered there under, and shall at all times observe and comply with said ordinances, laws and regulations at his sole cost and expense.
24. **ASSIGNMENT.** The contractor is hereby prohibited from assigned, transferring, conveying, subletting or otherwise disposing of this contract or his right, title, or interest therein, or his power to execute such contract, to any other person or corporation without the previous consent in writing of the officer, board or agency awarding the contract.
25. The County of Nassau will not be responsible nor liable for any shipment or delivery of any materials, supplies, or equipment without it's express written instructions or valid Purchase Order.
26. No agreements, changes, modifications or alterations shall be deemed effective nor shall the same be binding upon the County unless in writing and signed by the Director, Office of Purchasing or his duly designated representative.

Director Office of Purchasing

NOTICE

READ THIS PAGE OF THE BID CAREFULLY

ALL BIDDERS MUST COMPLY WITH THIS REQUIREMENT OR YOUR BID WILL BE AUTOMATICALLY
REJECTED

RIGHT TO KNOW LAW AND "OSHA"

PURSUANT TO ARTICLE 28, SECTION 876 OF THE LABOR LAW OF THE STATE OF NEW YORK, THE COUNTY OF NASSAU HAS MANDATED EMPLOYER'S RESPONSIBILITY TO PROVIDE NOTICE TO EMPLOYEES REGARDING TOXIC SUBSTANCES. TO SATISFY THIS MANDATED REQUIREMENT, WE MUST ASK FOR YOUR COOPERATION. SOME OF THE MATERIAL ON THIS BID MAY CONTAIN TOXIC SUBSTANCES. THEREFORE, YOU MUST SUBMIT, WITH YOUR BID, "**MATERIAL SAFETY DATA SHEETS**" FOR ALL MATERIALS TO BE SUPPLIED PURSUANT TO THIS BID.

**FAILURE TO PROVIDE THIS INFORMATION WITH THE BID WILL RESULT IN
AUTOMATIC REJECTION OF THE BID.**

IF YOUR PRODUCT **DOES NOT** CONTAIN TOXIC SUBSTANCES, PLEASE SIGN THE FOLLOWING CERTIFICATION:

CERTIFICATION:

I HEREBY CERTIFY THAT I HAVE READ THE NASSAU COUNTY NOTICE, AND FURTHER CERTIFY THAT ITEMS NUMBERED _____ DO NOT CONTAIN ANY TOXIC SUBSTANCES.

X

Signature

Title

Date

REFERENCE ATTACHMENT A FOR THE MATERIAL SAFETY DATA SHEETS

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE

Joe Lantry
BIDDER

DIRECTOR OF CONTRACTS
TITLE

DISCLOSURE STATEMENT

THE NASSAU COUNTY LEGISLATURE REQUIRES THE FOLLOWING INFORMATION PRIOR TO CONSIDERATION FOR AN AWARD.

Bidders Name: **BELL HELICOPTER TEXTRON INC.**

Address: **3255 BELL HELICOPTER BOULEVARD, FORT WORTH, TX 76118**

Telephone No: **817-280-3237**

Fax No: **817-278-3237**

1. State Whether: A Corporation **A CORPORATION**
Individual _____
Partnership _____

GUIDELINES FOR DISCLOSURE

THE NASSAU COUNTY LEGISLATURE REQUIRES THE NAMES AND HOME* ADDRESSES OF ALL PRINCIPALS. DISCLOSURE MUST BE PROVIDED AS INDICATED BY TYPE OF OWNERSHIP. (PLEASE LIST ALL REQUIRED INFORMATION ON A SEPARATE SHEET AND ATTACH TO BID.)

- 1) Sole Proprietorship/Individual. The Name and Home Address of the Sole Proprietorship/Individual.
- 2) Closely Held Corporation. The Name and Home Addresses of all Shareholders, Officers and Directors.
- 3) Publicly Traded Corporation. Only the page(s) of the SEC FORM 10-K setting forth the name of all officers and directors. (**REFERENCE ATTACHMENT B FOR THE SEC FROM 10K FOR TEXTRON INC., A PARENT COMPANY OF BELL HELICOPTER TEXTRON INC.**)
- 4) Not for Profit Corporation. The Names and Home Addresses of all members, Officer and Directors.
- 5) Partnership. The Names and Home Address of all General and Limited Partners.
- 6) Limited Liability Company. The Names and Home Addresses of all Members.
- 7) Limited Liability Partnership. The Name and Home Addresses of all Members.
- 8) Joint Venture. The Names and Home Addresses of all Joint Ventures.

NOTE: IF ANY ENTITY IS TIERED, YOU MUST ALSO LIST ALL INDIVIDUAL PRINCIPALS OF THE TIERED ENTITY.
*IN THE CASE OF PUBLICLY TRADED CORPORATIONS THE SEC FORM 10K SUFFICES AND HOME ADDRESSES ARE NOT NECESSARY.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE


BIDDER

DIRECTOR OF CONTRACTS

TITLE

QUALIFICATION STATEMENT

BIDDER'S NAME:

BELL HELICOPTER TEXTRON INC.

ADDRESS:

3255 BELL HELICOPTER BOULEVARD, FORT WORTH, TX 76118

1. STATE WHETHER: CORPORATION x INDIVIDUAL PARTNERSHIP

2. IF A CORPORATION OR PARTNERSHIP LIST NAME(S) AND ADDRESS(S) OF OFFICER(S) OR MEMBER(S)

PRESIDENT

PLEASE REFERENCE ATTACHMENT C FOR DETAILED INFORMATION

VICE PRESIDENT

PLEASE REFERENCE ATTACHMENT C FOR DETAILED INFORMATION.

SECRETARY

PLEASE REFERENCE ATTACHMENT C FOR DETAILED INFORMATION.

TREASURER

PLEASE REFERENCE ATTACHMENT C FOR DETAILED INFORMATION.

3. HAVE YOU FILED A QUALIFICATION STATEMENT WITH THE COUNTY OF NASSAU? NO

IF SO WHEN?

4. HOW MANY YEARS HAS YOUR ORGANIZATION BEEN IN BUSINESS UNDER YOUR PRESENT NAME? **SINCE 1935 AS BELL AIRCRAFT CORPORATION, AND NAME CHANGE TO BELL HELICOPTER TEXTRON INC. ON 21 DECEMBER 1981.**

5. HAVE YOU, OR YOUR FIRM, EVER FAILED TO COMPLETE ANY WORK AWARDED TO YOU? NO

IF SO, WHERE AND WHY?

6. IN WHAT OTHER LINES OF BUSINESS ARE YOU OR YOUR FIRM INTERESTED? HELICOPTERS AND HELICOPTER SERVICES, INCLUDING HELICOPTER FINANCING

7. WHAT IS THE EXPERIENCE OF THE PRINCIPAL INDIVIDUALS OF YOUR ORGANIZATION RELATING TO THE SUBJECT OF THIS BID?

INDIVIDUALS NAME	PRESENT POSITION	YEARS OF EXPERIENCE	MAGNITUDE AND TYPE OF WORK	IN WHAT CAPACITY
---------------------	---------------------	------------------------	-------------------------------	---------------------

PLEASE REFERENCE ATTACHMENT C FOR DETAILED INFORMATION.

8. IN WHAT MANNER HAVE YOU INSPECTED THIS PROPOSED WORK? EXPLAIN IN DETAIL

PLEASE REFERENCE ATTACHMENT C FOR DETAILED INFORMATION.

9. THE CONTRACT, IF AWARDED TO YOU OR YOUR FIRM, WILL HAVE THE PERSONAL SUPERVISION OF WHOM? GIVE NAME AND PRESENT POSITION

ANDREA GIBBS, MANAGER OF CONTRACTS, COMMERCIAL BUSINESS OPERATIONS

10. BIDDERS ARE REQUIRED TO COMPLETE THIS FORM PROVIDING THREE (3) REFERENCES OF PAST PERFORMANCE. REFERENCES SHOULD INVOLVE PROJECTS AND/OR SERVICE SITUATIONS OF SIMILAR SIZE AND SCOPE TO THIS BID. REFERENCES MUST HAVE HAD DEALING WITH THE BIDDER WITHIN THE LAST THIRTY-SIX (36) MONTHS. THE COUNTY RESERVES THE RIGHT TO CONTACT ANY OR ALL OF THE REFERENCES SUPPLIED FOR AN EVALUATION OF PAST PERFORMANCE IN ORDER TO ESTABLISH THE RESPONSIBILITY OF THE BIDDER BEFORE THE ACTUAL AWARD OF THE BID AND/OR CONTRACT. COMPLETION OF THE REFERENCE FORM IS REQUIRED.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE


BIDDER

DIRECTOR OF CONTRACTS

TITLE

OFFICE OF PURCHASING
COUNTY OF NASSAU STATE OF NEW YORK

FORMAL SEALED BID PROPOSAL
1520-04285-047

NASSAU COUNTY (AND ANY OF ITS AGENCIES) MAY BE LISTED AS AN ADDITIONAL REFERENCE, BUT MAY NOT BE SUBSTITUTED FOR ANY OF THE THREE REQUIRED REFERENCES.

1. REFERENCE'S NAME:

FAIRFAX COUNTY POLICE, VIRGINIA (2 X 429, MULTI-MISSION OPERATOR EMS/ALE)

ADDRESS:

POLICE DEPARTMENT, HELICOPTER DIVISION, 4604 WEST OX ROAD, FAIRFAX, VA 22030

TELEPHONE: 703-830-3105

CONTACT PERSON JASON POST

CONTRACT DATE:

OCTOBER 2011

2. REFERENCE'S NAME:

DELAWARE STATE POLICE (2 X 429, MULTI-MISSION OPERATOR EMS/ALE)

ADDRESS:

STATE OF DELAWARE, DEPARTMENT OF HOMELAND SECURITY, DELAWARE STATE POLICE
1441 NORTH DUPONT HWY, DOVER, DE 19901

TELEPHONE: 302-378-5785

CONTACT PERSON CRAIG LEWIS

CONTRACT DATE:

MARCH 2013

3. REFERENCE'S NAME:

NYPD (4 X 429, MULTI-MISSION OPERATOR EMS/ALE)

ADDRESS:

NYPD AVIATION UNIT, FLOYD BENNETT FIELD, BROOKLYN, NEW YORK 11234

TELEPHONE: 718-692-2392

CONTACT PERSON JAMES COAN

CONTRACT DATE:

DECEMBER 2013

USE SEPARATE PAGE IF ADDITIONAL SPACE IS NEEDED.

I certify that all the statements contained in this document are true, complete and correct to the best of my knowledge and belief and are made in good faith, including data contained in the Organization's Relevant Experience. A false certification or failure to disclose information shall be grounds for disqualification or termination of any award.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE


BIDDER

DIRECTOR OF CONTRACTS

TITLE

APPENDIX EE

EQUAL EMPLOYMENT OPPORTUNITIES FOR MINORITIES AND WOMEN

The provisions of this Appendix EE are hereby made a part of the document to which it is attached.

The Contractor shall comply with all federal state and local statutory and constitutional anti-discrimination provisions. In addition, Local Law No. 14-2002, entitled "Participation by Minority Group Members and Women in Nassau County Contracts. In accordance with Local Law 14-2002:

- (a) The Contractor shall not discriminate against employees or applicants for employment because of race, creed, color, nation origin, sex age, disability or martial status in recruitment, employment, job assignments, promotions, upgrading, demotions, transfer, layoffs, terminations, and rates of pay or other forms of compensation. The Contractor will undertake or continue existing programs related to recruitment, employment, job assignments, promotions, upgrading, transfers, and rates of pay or other forms of compensation to ensure that minority group members and women are afforded equal employment opportunities without discrimination.
- (b) At the request of the County contracting agency, the Contractor shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, union, or representative will not discriminate on the basis or race, creed, color, national origin, sex, age disability, or martial status and that such employment agency, labor union, or representative will affirmatively cooperate in the implementation of the Contractor's obligation herein.
- (c) The Contractor shall state, in all solicitations or advertisements for employee, that, in the performance of the County Contract, all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability or marital status.
- (d) The Contractor shall make its best efforts to solicit active participation by "Certified Business" enterprises (as defined in Section 101 of Local Law No. 14-2002).
- (e) The Contractor shall be bounded by the provisions of Section 109 of Local Law No. 14-2002 (entitled "Enforcement").
- (f) The Contractor shall include the provisions of (a) through (e) above in every subcontract providing for a total expenditure in excess of twenty-five thousand dollars (\$25,000) for the construction, demolition, replacement, major repair, renovation, planning or design of real property and improvements thereon (the "Work"), except where the Work is for the beneficial use of the Contractor.

The provisions of (a) through (f) above do not apply to: (i) work, goods, or services unrelated to the County Contract or (ii) employment or employment related activities outside of the County.

As used in this Appendix EE the term "County Contract" means (i) a written agreement or purchase order instrument, providing for a total expenditure in excess of twenty-five thousand dollars (\$25,000), whereby a County contracting agency is committed to expend or does expend funds in return for labor, services, supplies, equipment, materials or any combination of the foregoing, to be performed for, or rendered or furnished to the County; or (ii) a written agreement in excess of one hundred thousand dollars (\$100,000), whereby a County contracting agency is committed to expend or does expend funds for the acquisition, construction, demolition, replacement, major repair or renovation of real property and improvements thereon. However, the term "County Contract" does not include agreements or orders for the following services: banking services, insurance policies or contracts, or contracts with a County contracting agency for the sale of bonds, notes or other securities.

As used in this Appendix EE the term "Contractor" means an individual, business enterprise, including sole proprietorship, partnership, corporation, not-for-profit corporation, or any other person or entity other than the County, whether a contractor, licensor, licensee or any other party that is (i) a party to a County Contract (ii) a bidder in connection with the award of a County Contract, or (iii) a proposed party to a County Contract.

NOTE:

CONSISTENT WITH LOCAL LAW 19-2003, WHICH PROHIBITS THE USE OF COUNTY RESOURCES TO INTERFERE WITH COLLECTIVE BARGAINING ACTIVITIES OF UNIONS IN NASSAU COUNTY, THE CONTRACTOR SHALL COMPLY WITH THE PROVISIONS OF THE FOLLOWING APPENDIX "U".

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE


BIDDER

DIRECTOR OF CONTRACTS
TITLE

APPENDIX U

Local Law No. 19 – 2003

A LOCAL LAW TO PROHIBIT THE USE OF COUNTY RESOURCES TO INTERFERE
WITH COLLECTIVE BARGAINING ACTIVITIES OF UNIONS IN NASSAU COUNTY.

BE IT ENACTED by the Nassau County Legislature as follows:

The Miscellaneous Laws of Nassau County are amended by adding a new title to read as follows:

Title 56

COLLECTIVE BARGAINING ACTIVITIES OF UNIONS IN NASSAU COUNTY

§ 1. Legislative Intent.

This Legislature hereby finds and determines that funds appropriated by the County Legislature for the purchase of necessary goods and services should ultimately be expended solely for the purpose for which they were appropriated and should not be used to deter, or promote union organizing.

This Legislature also finds that the use of County funds and property to assist, deter or promote union organizing causes conflicts and work interruptions which waste scarce County resources on issues of secondary importance.

This Legislature further finds and determines that where the County expends significant resources for the purchase of goods or the delivery of needed human services, the County's financial interests is advanced by the promotion of non-confrontational procedures which limit the economic and social disruptions associated with collective bargaining disputes. This Legislature also determines that the State of New York has recently enacted amendments to the New York Finance Law to restrict the use of State funds in assisting, deterring or promoting union organizing.

Therefore, the purpose of this law is to protect the County's financial interests in connection with its commitment of economic resources by prohibiting funding of certain forms of labor/management conflict and is not intended to provide an advantage to either labor or management during the conduct of union organization campaigns, nor to express any generally applicable policy regarding labor/management relations.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE


BIDDER

DIRECTOR OF CONTRACTS

TITLE

§2. Definitions.

As used in this law, the following terms shall have the meanings indicated:

- A) "Assist, Promote or Deter Union Organizing" shall mean any attempt by an employer to influence the decision of its employees in the County of Nassau or those of its subcontractors regarding either of the following:
- 1.) whether to support or oppose a labor organization that represents or seeks to represent those employees; and
 - 2.) whether to become a member of any labor organization.
- B.) "Binding Arbitration Agreements" shall mean a written agreement to submit any dispute arising out of the efforts of a labor organization to represent the employees of a County contractor to final and binding arbitration.
- C.) "County Contractor" shall mean any employer that receives more than Fifty Thousand (\$50,000) Dollars in County funds for supplying goods or services pursuant to a written contract with the County of Nassau or any of its agencies; pursuant to a Nassau County grant; pursuant to a Nassau County program; pursuant to a Nassau County reimbursement for services provided in any calendar year; or pursuant to a sub-contract with any of the above.
- D.) "County Funds" shall mean any monies appropriated by the Nassau County Legislature.
- E.) "County Property" shall mean any property or facility owned or leased to or by the County of Nassau or any Nassau County agency or authority.
- F.) "Employee" shall mean any person employed by an employer other than a person employed in a supervisory, managerial or confidential position as defined by applicable law.
- G.) "Employer" shall mean any individual, corporation, unincorporated association, partnership, government agency or authority, or another legal entity, whether a for profit entity, a not-for-profit entity or a public entity that employs more than one person in the County of Nassau.
- H.) "Fair Communication Agreements" shall mean a written agreement requiring the parties to such agreement to refrain from providing employees with false and misleading information regarding the circumstances surrounding their employment.
- I.) "Human Services Contract" shall mean a County contract, grant or reimbursement of over Fifty Thousand (\$50,000) Dollars for the provision of health, mental health, residential or day treatment services to the mentally ill and developmentally disabled, social services and other care and treatment services of the County.
- J.) "Labor Disputes" shall mean any concerted action concerning wages, hours and conditions of employment or concerning the representation of person in negotiating, maintaining changing or seeking to arrange wages, hours and conditions of employment.
- K.) "Labor Organization" shall mean an organization of any kind in which employees participate and which exists for the purpose, in whole or in part, or representing employees concerning wages, rates for pay, benefit, grievances, labor disputes, hours of employment, working conditions or other matters incidental to the employment relationship, and shall include the parent, national or international organization of a local labor organization.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE


BIDDER

DIRECTOR OF CONTRACTS

TITLE

L.) "Majority Authorization Card Agreement" shall mean a written agreement authorizing the recognition of a labor organization as the exclusive bargaining agent for a bargaining unit based on the presentation of a majority of authorizing cards.

M.) "Neutrality Agreement" shall mean a written agreement by a County contractor not to participate in or request or otherwise seek to influence, either in writing or orally, the decision of its employees as to whether or not to be represented by a labor organization.

N.) "Non-Intimidation Agreements" shall mean a written agreement prohibiting the parties from coercing or intimidating employees explicitly or implicitly in selecting or not selecting a bargaining representative.

O.) "Reasonable Access Agreement" shall mean a written agreement granting a labor organization reasonable access to employees and information necessary to be communicated therewith.

§3. Prohibitions

A) A County contractor shall not use any of County funds to assist, promote or deter union organizing.

B.) No County funds shall be used to reimburse a County contractor for any costs incurred to assist, promote or deter union organizing.

C.) The County of Nassau shall not use County funds to assist, promote or deter union organizing.

D.) All County contracts, grant applications, program guidelines and any other relevant documents shall contain the text of the prohibitions in this section.

E.) No employer shall use County property to hold a meeting with employees or supervisors if the purpose of such meeting is to assist, promote or deter union organizing.

F.) Prior to the award of a County contract or grant, and/or prior to authorization to participate in a County program, the potential awardee, recipient, and or program participant, as the case may be, shall provide a certification, subscribed by such awardee, recipient and or program participant and affirmed by said person as true under the penalties of perjury to the County agency or authority involved that none of the funds shall be used to assist, promote or deter union organizing.

G.) Every request for payment of County funds by a County contractor shall include a certification, subscribed to by such person seeking reimbursement and affirmed by said person as true under the penalties of perjury, that the contractor is not seeking reimbursement for costs incurred to assist, promote or deter union organizing.

H.) Every County Department, Agency, Authority or Office shall require those seeking County contracts, grants, awards, program participation and/or County reimbursement to certify and affirm as true under the penalty of perjury that such entities will take all action necessary to ensure that County funds are not used to assist, promote or deter union organizing.

I.) Any County contractor who makes expenditures or incurs costs to assist, promote or deter union organizing shall maintain records sufficient to show that no County funds were used for those expenditures and, as applicable, that no reimbursement from County funds has been sought for such costs. Such records shall be made available to the pertinent County agency or authority, the County Comptroller, or the County Attorney, upon request.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE


BIDDER

DIRECTOR OF CONTRACTS
TITLE

§ 4. Accounting.

Each County contractor shall account for funds spent on assisting, deterring or promoting union organizing activities as follows:

- A.) County funds designated by the County for use for a specific expenditure of the recipient shall be accounted for as allocated to the expenditure.
- B.) County funds that are not designated as described in paragraph (A) of this section shall be allocated on a pro rata basis to all expenditures by the recipient that support the program for which the grant is awarded.
- C.) If County funds and other funds are commingled, and the contractor fails to keep records sufficient to satisfy the requirements of paragraphs (A) or (B) of this section, any expenditure to assist, promote or deter union organizing shall be allocated between the County funds and other funds on the pro rata basis derived from the interplay of paragraphs (A) and (B) of this section.
- D.) Any expense, including legal and consulting fees and salaries of supervisor and employees, incurred for research for, or preparation, planning or coordination of, carrying out, an activity to assist, promote or deter union organizing shall be treated as paid or incurred for that activity.

§ 5. Applicability.

- A.) This law shall apply to any contracts awarded on or after the effective date of this law.
- B.) This law shall not apply to an activity performed or to an expense incurred in connection with any of the following:
- 1.) addressing a grievance or negotiating or administering a collective bargaining agreement;
 - 2.) allowing a labor organization or its representative's access to the employer's facility or property;
 - 3.) performing an activity required by Federal or State law or by a collective bargaining agreement; and
 - 4.) negotiating, entering into or carrying out a voluntary recognition agreement with a labor organization.

§ 6. Implementation.

Every Nassau County Department, Agency, Authority or Office shall:

- 1.) Include in all bid documents, County grant applications, County program guidelines and County reimbursement documents, a statement informing potential and actual County contractors that the efficient, timely and non-disruptive provision of goods and services sought by such Department, Agency, Authority or Office is a paramount financial interest of the County of Nassau and as such the County expects the potential County contractor to protect the County's financial interest by adopting non-confrontational procedures for the orderly resolution of labor disputes. The statement shall also inform the potential and actual County contractors that such non-confrontational procedures may include, but are not limited to, neutrality agreements, majority authorization card agreements, binding arbitration agreements, fair communication agreements, non-intimidation agreements and reasonable access agreements.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE

BIDDER

Joe Linsky

DIRECTOR OF CONTRACTS

TITLE

- 2.) Require County contractors and those seeking County contracts, to certify and affirm as true under the penalty of perjury:
- a.) that such contractor will not express to employees any false or misleading information that is intended to influence the determination of employee preferences regarding union representation;
 - b.) that such contractor will not coerce or intimidate employees, explicitly or implicitly, in selecting or not selecting a bargaining representative;
 - c.) that such contractor will not require an employee, individually or in a group, to attend a meeting or an event that is intended to influence his or her decision in selecting or not selecting a bargaining representative;
 - d.) that such contractor understands its obligation to limit disruptions caused by pre-recognition labor disputes through the adoption of non-confrontational procedures for the resolution of pre-recognition labor disputes with employees engaged in the production of goods or the rendering of services for the County; and
 - e.) that such contractor has and will adopt any or all of the above-referenced procedures, or their functional equivalent, to ensure the efficient, timely and quality provision of goods and services to the County. The contractor shall include a list of said procedures in such certification.
- 3.) Ensure that every County contract for the provision of services, when such services will be performed on County property, include as a condition of award, grant receipt or reimbursement, as the case may be, a requirement that such County contractor adopt a reasonable access agreement, a neutrality agreement, fair communication agreement, non-intimidation agreement, and a majority authorization card agreement.
- 4.) Ensure that every County contract for the provision of human services, when such services are not to be performed on County property, include as a condition of award, grant receipt or reimbursement, as the case may be, a requirement that such County contractor adopt, at the least, a neutrality agreement.

§ 7. Penalties.

- A) A County contractor who expends funds and/or obtains reimbursement for funds spent in violation in Section 3 or 4 of this law shall be liable for any funds so expended plus a civil penalty equal to twice the amount of those funds. Such penalty shall not be paid by the contractor from any other County funds. In addition, said County contractor shall be prohibited from bidding on County contracts for a period of five (5) years from the final determination of a violation, either by administrative action or judicial action.
- B.) An employer that violates Section 3 of this law, shall also be liable for a civil penalty equal to One Thousand (\$1,000) Dollars per employee per meeting. Such penalty shall not be paid by the employer from any other County funds.
- C.) Any public official who knowingly authorizes the use of County funds in violation of Section 3 of this law, shall be liable to the County for those funds.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE


BIDDER

DIRECTOR OF CONTRACTS

TITLE

Section 8. Enforcement.

- A.) A civil action for a violation of this law may be brought by the County Attorney's office for injunctive relief, damages, civil penalties and other appropriate equitable relief.
- B.) All damages and civil penalties collected pursuant to this law shall be paid to the general fund of the county;
- C.) Any Labor Organization may file a complaint with the Nassau County Department of Labor or the Nassau County Attorney's office alleging violations of this law. Said complaint shall be promptly investigated and a written response shall be issued to the complaining Labor Organization.

§ 9. Rules and Regulations.

The Department of Labor shall promulgate such rules and regulations as it deems necessary and appropriate for the implementation and enforcement of any provision of this law.

§ 10. Severability.

If any clause, sentence, paragraph, subdivision, section or part of this law or the application thereof to any person, individual, corporation, firm, partnership, entity, or circumstance shall be adjudged by any court of competent jurisdiction to be invalid or unconstitutional, such order or judgment shall not affect, impair or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section or part of this law or in its application to the person, individual, corporation, firm, partnership, entity or circumstance directly involved in the controversy in which such order or judgment shall be rendered.

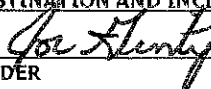
§ 11. Effective Date.

This law shall take effect on the later of March 1, 2004 or upon the filing with the Office of the Secretary of State.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE

BIDDER



DIRECTOR OF CONTRACTS

TITLE

INDEMNIFICATION:

Contractor agrees to indemnify and hold harmless County and its agents, officers and employees, from and against any and all losses, costs, expenses (including attorneys' fees and disbursements), damages and liabilities, arising out of or in connection with any acts or omissions of Contractor, its officers, agents or employees, provided, however, that Contractor shall not be responsible for that portion, if any, of a loss that is caused by the negligence of the County; and provided, further, that Contractor shall not be liable for consequential, indirect or special damages. Contractor shall, at County's demand and at County's direction, defend at its own risk and expense any and all suits, actions or legal proceedings which may be brought against County, its agents, officers or employees in connection with a loss for which Contractor is responsible under this paragraph.

DEFINITIONS:

- The term "County" as used herein, shall be deemed as reference to the County of Nassau, State of New York.
- The term "Contractor" as used herein, shall be deemed as reference to the successful bidder, vendor, proprietor, partnership, or corporation receiving an award to perform any or all of the services specified herein in accordance with the terms of this agreement.
- The term "agency" as used herein, shall be deemed as the department, division, bureau, office, agency or other Nassau County establishment authorized to receive the service specified herein.
- The term "Director" as used herein, shall be deemed as reference to the Director of the Office of Purchasing.
- The term "Blanket Order" as used herein, shall be deemed as the multiple use pricing agreement as a result of this bid.
- The term "Purchase Order" as used herein, shall be deemed as the single use pricing agreement as a result of this bid.
- The term "complete" as written in this bid must include all equipment, delivery and installation of same in its entirety, as listed in the contract documents, and is to include all supervision, labor, materials, plant equipment, transportation, testing, (if required) incidentals, and other facilities as necessary and/or required to execute all the work as herein specified, or as incidentally required to provide a complete operating installation.

NOTE: INSERT FEDERAL IDENTIFICATION NUMBER IN SPACE PROVIDED ON PAGE 1.

IMPORTANT

PRICE MUST BE INSERTED WITH TYPEWRITER OR INK. BIDS MUST BE SIGNED IN INK. TO ASSURE OFFER REACHING IN TIME, **YOU ARE URGED TO MAIL YOUR FORMAL SEALED BID EARLY. THIS FORMAL SEALED BID MUST REACH OUR OFFICE BY 11:00 A.M.** LATE FORMAL SEALED BIDS WILL NOT BE ACCEPTED.

PARTICIPATION BY POLITICAL SUBDIVISIONS: The successful vendor agrees that all political subdivisions of New York State and all other entities authorized by law to make such purchases may participate in any award under this bid. These Entities shall accept full responsibility for any payments due the successful bidder for their purchases hereunder.

INTENT

SCOPE: It is the intent of the County of Nassau to properly describe by these specifications and terms an adequate method of providing: **Helicopter to the Nassau County Police Department**

PURPOSE: The purpose of this bid is to establish a price structure on which items and/or services listed herein will be purchased at once by Purchase Order.

AWARD: Award, if any, will be made to the lowest responsible bidder, who in the opinion of the Director of Purchasing, meets the specifications and qualifications stated herein. The Director of Purchasing reserves the right to make an award be items, groups, or classes of items or as a whole. Awards will be made in accordance with the terms and conditions attached hereto and made part hereof.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE

BIDDER

DIRECTOR OF CONTRACTS

TITLE

DELIVERY: Bidders are required to state guaranteed delivery date in terms of days after receipt of order in the space provided below and on page one. Bidders are cautioned to post realistic delivery dates. Guaranteed delivery dates will be strictly enforced. Must be made within 15 days A/R/O unless stated otherwise below:

Delivery to be made within 270, based on final selected configuration by NCPD for both helicopters, Days A/R/O.

Delivery shall be made **ONLY** upon receipt of a Purchase Order, or in the case of a Blanket Order, upon receipt of a Direct Purchase Order(s) from a using agency authorized to use the Blanket Order which will be issued to the successful bidder. Purchase Order and Direct Purchase Order shall indicate the destination address. Inside delivery is required on all deliveries. Bidders agree that all orders shall be effective and binding upon the contractor when PLACED IN THE MAIL addressed to the Contractor at the address shown on the Blanket Order/Purchase Order PRIOR TO MIDNIGHT OF THE FINAL DAY OF CONTRACT.

BILLING: Shall be made on County claim forms or Certified Invoices to the individual using County Agency upon completion of deliveries made against applicable Purchase Order(s) or Direct Purchase Order(s).

NO PARTIAL PAYMENTS WILL BE PAID.

PAYMENT: A certified invoice, or a County claim form to which the invoice is attached, shall be submitted in arrears, directly to the using agency, supported by vouchers signed by agency personnel attesting to satisfactory completion of the required services as specified.

*******VENDOR CLAIM CERTIFICATION*******

If a claim voucher is not being submitted, the following certification MUST appear on the invoice:

I hereby certify that all items or services were delivered or rendered as set forth in this claim; that the prices charged are in accordance with referenced purchase order, delivery order or contract, that the claim is just, true and correct; that the balance stated herein is actually due and owing and has not been previously claimed; that no taxes from which the County is exempt are included; and that any amounts claimed for disbursements have actually and necessarily been made.

_____ Claimant Name	_____ Date
_____ By Signature	_____ Title

CLAIM VOUCHERS AND CERTIFIED INVOICES NOT PROPERLY COMPLETED WILL BE RETURNED TO YOU UNPAID.

BIDDER

TITLE

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE


BIDDER

DIRECTOR OF CONTRACTS

TITLE

INSPECTION: Bidders should be aware of Inspection and Delivery requirements as stipulated.

PRICE DISCREPANCY: In the event of a discrepancy between the unit price and the extension price, the unit price will govern.

RETENTION OF BID: Vendor is required to make a copy of his completed bid document and applicable attachments. Any purchase orders issued against this bid will refer to the bid and attachments to designate items awarded.

METHOD OF BIDDING: Please submit unit price in the appropriate column.

SAMPLES: Samples, when required, must be submitted strictly in accordance with instructions **otherwise the bid may not be considered**. If samples are requested subsequent to bid opening, they shall delivered within five (5) business days of the request for the bid to be considered. Samples must be furnished free of charge and must be accompanied by descriptive memorandum indicating if the bidder desires their return, also specifying the address to which they are to be returned, provided they have not been used or made useless by testing. Award samples may be held for comparison with deliveries. Samples will be returned at bidders' request and expense.

MINIMUM ORDERS: There will be many County Agencies ordering from Blanket Orders. Therefore, **NO MINIMUMS SHALL BE APPLIED TO THIS BID.**

TAX PROVISION: Purchases made by the County of Nassau are not subject to State, Local Sales Taxes or Federal Excise Taxes. Federal Exemption #A-109538 State Exemption #EX 7213062C. The County of Nassau is not subject to any Existing "Fair Trade Agreements" and bidders should be governed accordingly.

SPECIFICATIONS: Submit complete specifications and illustrations of products offered with the bid. Acceptance of a bid and designation of a manufacturer's catalog description, brand name or number in any Purchase or Blanket Order resulting there-from shall not be construed as qualification of the specifications of this bid or relief there-from, except as specifically stated in the Purchase or Blanket Order.

PRODUCT IDENTIFICATION: If a product(s) is identified by a BRAND NAME, a substitute of equal quality, construction, finish, composition, size, workmanship and performance characteristics may be acceptable. In submitting a bid, each bidder warrants that the substitute product being offered is an equal. Bid sheets shall be so noted of the manufacturer's name and brand of the product offered as an equal. If as a result of an award, a delivery is made of a brand or product represented as an equal which is subsequently deemed to be unacceptable, the Contractor shall be required, at his expense, to pick up the rejected item and replace it with brand(s) listed in this bid, or an acceptable equal which will have the approval of the Director.

~~**PROTECTION FROM CLAIM AGAINST "OR EQUAL":** In the event of any claim by any unsuccessful bidder~~

PROTECTION FROM CLAIM AGAINST "OR EQUAL": In the event of any claim by any unsuccessful bidder concerning or relating to the issue of "equal or better" or "or equal", the successful bidder agrees, at his own cost and expense, to defend such claims or claims and agrees to hold the County of Nassau free and harmless from any and all claims for loss or damage arising out of this transaction for any reason whatsoever.

ALTERNATIVE ITEM: In submitting a bid on a commodity other than as specified, bidder shall furnish complete data and identification with respect to the alternate commodity he proposes to furnish. Consideration will be given to proposals submitted on alternate commodities to the extent that such action is deemed to serve the best interests of the County. If a bidder does not indicate that the commodity he proposes to furnish is other than as specified, it will be construed to mean that the bidder proposes to furnish the exact commodity as described. Consideration of the alternate shall be at the sole discretion of the Director. MORE THAN ONE (1) BID ON EACH ITEM WILL NOT BE CONSIDERED, UNLESS OTHERWISE SPECIFIED BY THE COUNTY.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE


BIDDER

DIRECTOR OF CONTRACTS
TITLE

EQUIVALENT BIDS: Bidders may offer a product of the same capability, but of different manufacture and model than that specified in this bid. The use of the name of a manufacturer, brand, make or catalog designation in specifying items described herein does not restrict or preclude bidders from offering equivalent or better product bids. Such a designation is used only to indicate the character, quality and minimum performance desired. Equal or better product bids are permissible. A bidder submitting an equal or better product shall, at his own cost and expense be responsible for submitting proof and/or a demonstration of equivalence, compatibility and performance. However, acceptance of an equivalent product shall be strictly at the discretion of the Director. Any omission of the term "or equal" in any specific bid item listing should be disregarded by the bidder. All bidders shall have an absolute right to submit "equivalent" bids notwithstanding any other provision of the bid specifications.

WARRANTY: The successful bidder warrants the equipment furnished and all associated equipment against any defects in design, workmanship and materials against failure to operate satisfactorily for one (1) year from the date of acceptance by the using department and/or agency of the equipment, other than defects or failure shown by the Contractor that have arisen solely from accident or abuse occurring after delivery to the Nassau County agency. Contractor agrees to replace any parts, which in the opinion of the user, shall fail from the above reasons.

IMPORTANT NOTES: If a company policy or trade practice requires a different warranty period, the bidder may so state without fear of disqualifications. However, the bidder is cautioned that the length of warranty may, in some cases, be a deciding factor in making an award.

Equipment furnished hereunder shall meet the standards set forth in the Occupational Safety and Health Act of 1970.

BIDDER SHALL STATE WARRANTY PERIOD: **TWO YEARS / 1,000 HOURS NON-PRORATED WARRANTY AS OUTLINED IN ATTACHMENT I**

NOTE: All warranties take effect only upon written acceptance of equipment by using agency and shall run full term from that point.

BIDDER SHALL INDICATE COST AND TERM OF ANY EXTENDED WARRANTY OPTION, IF AVAILABLE: _____
3YR/1500 hours, non prorated, commercial warranty - \$75,000 / helicopter

REPLACEMENT PARTS: The requirements specified herein represent, for the most part, replacement and/or repair components to existing and presently owned equipment, and must match and inter-member without modification with the equipment and systems indicated.

NON-ASSIGNMENT: In accordance with Section 138 of the State Finance Law, the contract may not be assigned by the Contractor or its right, title or interest therein assigned, transferred, conveyed, sublet or otherwise disposed of without the previous consent, in writing, of Nassau County and any attempts to assign the contract without the County's written consent are null and void.

REDUCTION IN PRICES: If an award is made, the Contractor agrees, should prices be reduced to the general trade during the requirement period, the County shall receive the benefit of such reduction immediately upon effect. It shall be incumbent upon the Contractor to notify the Purchasing Department of such price reductions.

PRICE PROTECTION: Bidders are required to state period of price protection (in terms of days) after the bid opening.

STATE PRICE PROTECTION PERIOD: 60 DAYS AFTER BID OPENING

NEW YORK STATE PRICES: Bidders must represent and warrant that if they are under contract with New York State for items specified herein, that the price quoted to the County is not higher than the price per unit quoted to New York State for like quantities.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE


BIDDER

DIRECTOR OF CONTRACTS

TITLE

GENERAL INSTRUCTIONS: All bidders must adhere to the following conditions:

As per New York State Municipal Law 103, no exception can be taken to any material term and/or condition of this bid with the exception of any warranties as presented in this bid for the specific commodity or service required.

Any language in any proposal or document submitted by a bidder as part of their bid that is accepted by the County of Nassau cannot be in conflict with any material term and/or condition relevant to this bid with the exception of any warranties or the specifications of the commodity of service required by this bid. If there is any conflict between the bidder's terms and conditions and the terms and conditions of this bid, the terms and conditions of this bid shall govern.

Bidders must insert **FEDERAL IDENTIFICATION NUMBER** in the space provided on page one of this bid.

Late Formal Sealed Bids will NOT be accepted. Bidders are urged to mail bids early to assure delivery on time. Bids must be received by 11:00 A.M. on the bid opening date.

Prices **MUST** be inserted with **TYPEWRITER OR INK**. Entries with **WHITE OUT, CROSS-OUTS OR LIFT-OFF TAPE** **MUST** BE INITIALED or that entry will be disqualified.

Bidders should submit bid with unit price in the appropriate column on bid pages or forms attached hereto. In the event of a discrepancy between the unit price and the extension, the unit price shall govern. Bidders shall submit one (1) original bid document and all applicable attachments. Any order issued against this bid will refer to the bid and attachments to designate items awarded. Bidders agree that all, Direct Purchase Orders and/or Purchase Orders shall be effective and binding upon the Contractor when placed in the mail, addressed to the Contractor at the address shown on the Direct Purchase Order or the Purchase Order.

Contractor agrees to indemnify and hold harmless Nassau County, its agents, officers and employees against any and all claims, demands, causes of action, costs, and liabilities, in law or in equity, of every kind and nature whatsoever, directly or proximately resulting from, arising out of or caused by Contractor's activities pursuant to this agreement or from any act of omission or commission of Contractor, its officers, agents, or employees. Contractor shall, at Nassau County, its agents, officers, or employees on any such claim, demand or cause of action, and Contractor shall pay and satisfy any judgment or decree which may be rendered against Nassau County, its agents, officers or employees in any such suit, action or other legal proceeding.

Bidders **MUST** state manufacturer's name and catalog number of each item bid.

ABSOLUTELY NO MINIMUM ORDERS shall be applied to this bid.

Purchases made by Nassau County are not subject to State or Local Sales Tax or Federal Excise Taxes.

Federal Exemption Number: A-109538

State Exemption Number: EX 7213062C

Inside (receiving dock) delivery is required on all orders.

The rights and obligations of the parties under this agreement shall be governed by the laws of the State of New York.

Bids are hereby solicited for the commodities and/or services specified herein which are to be delivered and/or performed at the locations indicated, and in strict accordance with all specifications, terms and conditions attached hereto and made part hereof.

Bid document must be signed by proprietor, partner or corporate officer.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE


BIDDER

DIRECTOR OF CONTRACTS
TITLE

The clauses contained in these bid forms set forth the wishes of the County of Nassau in regard to the purchase and/or services required. However, the Director reserves the right to waive irregularities, omissions, or other technical defects if, in its judgment, the best interest of the County of Nassau will be served accordingly.

Bidders may take exception to paragraphs of the bid under a separate cover letter to be attached to this bid, indicating the specific bid page, paragraph and the exception(s). In any event, the decision of the Director will be final.

Qualification statement **MUST BE COMPLETED** and submitted with bid. See page 5 for further details.

VENDOR RESPONSIBILITY CRITERIA: The Director of Purchasing reserves the right before making an award to make investigations as to whether or not the qualifications, services, facilities or items offered by the bidder meet the requirements set forth herein and are ample and sufficient to ensure the proper performance in the event of an award. The bidder must be prepared, if requested by the Director of Purchasing, to present evidence of experience, ability, financial standing, as well as a statement as to plant, machinery, trained personnel and capacity for the rendition of the service on which the vendor is bidding. Upon request of the Director, the successful bidder shall file certification from the manufacturer relative to authorization, delivery, service and guarantees. If it is found that the conditions of the bid are not complied with or that the services or equipment proposed to be furnished do not meet the requirements called for, or that the qualifications, financial standing, or facilities are not satisfactory, the Director may reject such bids. It is distinctly understood, however, that nothing in the forgoing shall mean or imply that it is obligatory upon the Director to make any examinations before an award; and it is further understood that, if such examination is made, it in no way relieves the bidder from fulfilling all requirements and conditions of the bid.

EXTENSION OF PRICE: It is anticipated that additional quantities of items specified herein may be required in the ensuing year. According, the County of Nassau requests that the prices bid be protected and be available to the County of Nassau for one (1) year from the date of the award. Economic conditions may not permit the price protection for an entire year. Bidders are requested to state the period for which bid prices will be applicable to potential additional orders. **360 days from formal sealed bid proposal submittal date or by May 12, 2016.**

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE

BIDDER

DIRECTOR OF CONTRACTS

TITLE

INSURANCE AND WORKERS COMPENSATION: The successful bidder agrees to obtain from an insurance company, authorized to do business in the State of New York, and keep in force during the term of any agreement, a policy of Comprehensive and General Liability Insurance naming the Contractor as an insured, and naming the County of Nassau as an additional insured, including but not limited to the torts and negligence of Contractor's personnel, with a combined minimum single limit of three million dollars (\$3,000,000.00) for bodily injury and property damage for any one occurrence at the Contractor's sole cost and expense.

The Contractor shall comply with all provisions of the Workers' Compensation Law and shall furnish a certificate showing evidence of current coverage.

COMPREHENSIVE AND GENERAL LIABILITY AND HOLD HARMLESS: The Contractor agrees to indemnify and hold harmless the County of Nassau, its agents, officers and employees against any and all claims, causes of action, costs, and liabilities, in law or in equity, of every kind and nature whatsoever, directly or proximately resulting from any act of omission or commission of Contractor, its officers, agents, or employees. Contractor shall, at Nassau County's demand, defend at its own risk and expense any and all suits, actions or legal proceedings which may be brought or instituted against Nassau County, its agents, officers, or employees on any such claim, demand or cause of action, and Contractor shall pay and satisfy any judgment or decree which may be rendered against Nassau County, its agents, officers, or employees in any such suit, action or legal proceeding.

The Contractor shall obtain from an insurance company authorized to do business in the State of New York, and keep in force during the term of any agreement, a policy of Comprehensive and General Liability Insurance naming the Contractor as an insured, and naming the County of Nassau as an additional insured, including, but not limited, to the torts and negligence of Contractor's personnel, with a combined single minimum limit of three million dollars (\$3,000,000.00) for bodily injury and property damage for any one occurrence at the Contractor's sole cost and expense.

The Contractor shall comply with all provisions of the Workers' Compensation Law and shall furnish a certificate showing evidence of current coverage.

Bidder shall list below the Insurance Company(s) holding the following documents:

A) Certificate of Insurance name the County of Nassau as co-insured:

Or

B) Certificate of Insurance with indemnification agreement (hold harmless clause):

YES, REFERENCE ATTACHMENT H, BELL HELICOPTER INSURANCE CERTIFICATE

PRODUCT LIABILITY INSURANCE: The successful bidder agrees to obtain from an insurance company authorized to do business in the State of New York, and keep in force during the term of an agreement, a policy of Product Liability Insurance, including foreign objects, with a combined minimum single limit of one million dollars (\$1,000,000.00) for each occurrence, at the Contractor's sole cost and expense, and shall furnish a certificate showing evidence of current coverage.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE


BIDDER

DIRECTOR OF CONTRACTS

TITLE

MANUFACTURER'S CERTIFICATE

THIS IS TO CERTIFY:

That we manufacture the commodities specified in the attached bid schedule: **AS OUTLINED IN APPENDIX E AND APPENDIX G**

That the address of the manufacturing plant is:

BASIC AIRCRAFT IS MANUFACTURED AT:

BELL HELICOPTER TEXTRON CANADA LTD. , 12 800 RUE DE L'AVENIR, MIRABEL, QUEBEC, CANADA

INSTALLATION OF KITS AND CUSTOMIZING AT:

BELL HELICOPTER TEXTRON INC., 450 INDUSTRIAL PARK ROAD, PINEY FLATS, TN, 37686

BELL HELICOPTER TEXTRON INC.

Manufacturer

Signature

DIRECTOR OF CONTRACTS

Title

FURTHERMORE:

That we authorize

(Name and address of firm or individual)

As our distributor to furnish our products to the County of Nassau as provided in the attached schedules, and agree to supply said distributor such quantities of our products as may be required by the County of Nassau.

Manufacturer

Signature

Title

Date

MUST BE SIGNED BY AN OFFICER OF THE COMPANY. SALES AGENT OR MANAGER'S SIGNATURE WILL NOT BE ACCEPTED UNLESS LETTER OF AUTHORIZATION FROM THE MANUFACTURER IS ATTACHED.

NOTE: When bidder is other than the manufacturer, the complete certificate must be executed by the manufacturer.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE

BIDDER

DIRECTOR OF CONTRACTS

TITLE

NON-COLLUSIVE BIDDING CERTIFICATION REQUIRED BY SECTION 139-D OF THE STATE FINANCE LAW

BY SUBMISSION OF THIS BID, BIDDER AND EACH PERSON SIGNING ON BEHALF OF BIDDER CERTIFIES, AND IN THE CASE OF A JOINT BID, EACH PARTY THERETO CERTIFIES AS TO ITS OWN ORGANIZATION, UNDER PENALTY OR PERJURY, THAT TO THE BEST OF HIS/HER KNOWLEDGE AND BELIEF:

- [1] The prices of this bid have been arrived at independently, without collusion, consultation, communication, or agreement for the purposes of restricting competition, as to any matter relating to such prices with any other Bidder or with any competitor;
- [2] Unless otherwise required by law, the prices which have been quoted in this bid have not been knowingly disclosed by the Bidder and will not knowingly be disclosed by the Bidder prior to opening, directly or indirectly, to any other Bidder or to any competitor; and
- [3] No attempt has been made or will be made by the Bidder to induce any other person, partnership or corporation to submit or not to submit a bid for the purpose of restricting competition.

A BID SHALL NOT BE CONSIDERED FOR AWARD NOR SHALL ANY AWARD BE MADE WITH [1], [2], [3] ABOVE HAVE NOT BEEN COMPLETE WITH; PROVIDED HOWEVER, THAT IF IN ANY CASE THE BIDDER(S) CANNOT MAKE THE FOREGOING CERTIFICATION, THE BIDDER SHALL SO STATE AND SHALL FURNISH BELOW A SIGNED STATEMENT WHICH SETS FORTH IN DETAIL THE REASONS THEREFORE:

[AFFIX ADDENDUM TO THIS PAGE IF SPACE IS REQUIRED FOR STATEMENT]

Subscribed to under penalty of perjury under the laws of the State of New York,

this **12th** day of **MAY, 2015** as the act and deed of said Corporation or Partnership.

Identifying Data:

Potential Contractor:

BELL HELICOPTER TEXTRON INC.

Address:

3255

Street:

BELL HELICOPTER BOULEVARD

City, Town, etc:

FORT WORTH, TX 76118

Telephone:

817-280-3237

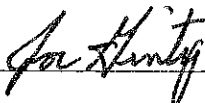
Title: **DIRECTOR OF CONTRACTS**

If applicable, responsible Corporate Officer

Name **JOE GINTY**

Title: **DIRECTOR OF CONTRACTS**

Signature: _____



Sign Here

FAILURE TO COMPLETE THIS FORM AND SIGN IN APPROPRIATE PLACE SHALL RESULT IN AUTOMATIC REJECTION OF THE BID.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE

BIDDER

DIRECTOR OF CONTRACTS
TITLE

IMPORTANT NOTE: The Director reserves the right to accept or reject any and all bids, or separable portions of offers, and waive technicalities, irregularities, and omissions if the Director determines the best interests of the County of Nassau will be served. The Director, in his sole discretion, may accept or reject illegible, incomplete or vague bids and his decision shall be final. A conditional or revocable bid which clearly communicates the terms or limitations of acceptance may be considered and contract award may be made in compliance with the bidder's conditional or revocable terms in the offer. Prior to award, the Director reserves the right to seek clarifications, request bid revisions, or to request any information deemed necessary for proper evaluation of bids from all bidders deemed to be eligible for contract award. Failure to provide requested information may result in rejection of the bid.

EVALUATION:

The Director of the Office of Purchasing (hereinafter known as the Director) reserves the right before making award to make investigations as to whether or not the items, qualifications, services or facilities offered by the Bidder meet the requirements set forth herein and are ample and sufficient to insure the proper performance in the event of an award. The Bidder must be prepared, if requested by the Director, to present evidence of experience, ability and financial standing, as well as a statement as to plant, machinery, trained personnel and capacity for the rendition of the service on which he is bidding. Upon request of the Director of Purchasing, successful bidder shall file certification from the manufacturer relative to authorization, delivery, service and guarantees. If it is found that the conditions of the bids are not complied with or that the services or equipment proposed to be furnished do not meet the requirements called for, or that the qualifications, financial standing or facilities are not satisfactory, the Director may reject such bids. It is distinctly understood, however, that nothing in the foregoing shall mean or imply that it is obligatory upon the Director to make any examinations before award; and it is further understood that, if such examination is made, it in no way relieves the Bidder from fulfilling all requirements and conditions of the bid.

RECORD RETENTION: Contractor shall retain complete and accurate records and documents related to this Agreement for six (6) years following the later of termination or final payment. Such records shall at all times be available for audit and inspection by the County.

Governing Law: Consent to Jurisdiction and Venue; Governing Law. Unless otherwise specified in this Agreement or required by Law, exclusive original jurisdiction for all claims or actions with respect to this Agreement shall be in the Supreme Court in Nassau County in New York State and the parties expressly waive any objections to the same on any grounds, including venue and forum non conveniens. This Agreement is intended as a contract under, and shall be governed and construed in accordance with, the Laws of New York State, without regard to the conflict of laws provisions thereof.

Ordinance # 72-2014

The bidder declares that they are a registered vendor in accordance with Ordinance # 72-2014 (the "Ordinance"). All registered vendors must pay the One Hundred Twenty-Five Dollar (\$125.00) annual fee required under the Ordinance. Additionally, registered vendors must pay a Two Hundred Seventy-Five Dollar (\$275.00) per contract fee to register Blanket contracts on the County's procurement website, as required under the Ordinance.

Further details about the registration process may be found at

<https://eproc.nassaucountyny.gov/SupplierRegister>

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE

BIDDER

DIRECTOR OF CONTRACTS

TITLE

**OFFICE OF PURCHASING
COUNTY OF NASSAU STATE OF NEW YORK**

**FORMAL SEALED BID PROPOSAL
1520-04285-047**

2 ea. Bell Helicopter model 429 Single Pilot IFR Helicopters

All specifications listed below are for a Bell model 429 single pilot IFR helicopter bidders can bid to specifications or an **EQUAL**

Please see specifications attachment

Questions pertaining to the technical requirements of these specifications shall be directed in writing to:

Deputy Chief Kevin G. Canavan
Nassau County Police Department
Commanding Officer, Support Services
1490 Franklin Avenue
Mineola, New York 11590
Telephone (516) 573-7500
Fax (516) 573-7596
KCanavan@pdcn.org

Price ea. \$ 8,200,000.00 Total \$ 16,400,000.00
(REFERENCE ATTACHMENT F FOR PRICING TERMS AND CONDITIONS)

State Brand Name & Model offered include specifications.

Item 1 Bell 429 helicopter
(REFERENCE ATTACHMENT E FOR AIRCRAFT CONFIGURATION AND ATTACHMENT G FOR TECHNICAL COMPLIANCE MATRIX)

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE


BIDDER

DIRECTOR OF CONTRACTS
TITLE

Edward P. Mangano
COUNTY EXECUTIVE



Michael R. Schlenoff
DIRECTOR OF
PURCHASING & CONTRACTS

OFFICE OF PURCHASING

1 West Street
Mineola, NY 11501
(516) 571-7720
Fax (516) 571-4263

AMENDMENT NO. 1

FORMAL SEALED BID NO 1520-04285-047

FOR: Helicopter

ISSUED: April 09, 2015

OPENING: April 28, 2015

TO ALL BIDDERS:

- 1) Prospective Bidders are hereby informed that the above Formal Sealed Bid is hereby changed as follows:
 - A) This formal sealed bid has been postponed until May 12, 2015 at 11:00 AM E.D.S.T.
- 2) All other terms and conditions of the Formal Sealed Bid to remain unchanged.
- 3) A copy of this Amendment must be signed by the Bidder and attached to his bid.

OFFICE OF PURCHASING

Frank Intagliata
Commissioner of Shared Services

Joe Huntly
Director Commercial Contracts
Bell Helicopter
11 May 2015



FORMAL BID RECOMMENDATION

BID NUMBER 1520-04285-047

OPEN May 12, 2015

TITLE: Helicopter

DATE: June 09, 2015

TO: BUYER - FROM: ADMINISTRATION

PLEASE REVIEW ATTACHED BID RESULT. NOTE YOUR RECOMMENDATION FOR AWARD.
FORWARD THIS TRANSMITTAL SHEET TOGETHER WITH BID FILE. RETAIN REQUISITION.

		Bid Results	
		Items	Bidder
<p>Date: June 09, 2015 To: Supervisor From: Buyer: Timothy Funaro</p> <p>List of recommended awards in accordance with the attached summary is shown in column at right. The reason for award to other than low bidder is indicated on the reverse side of this page.</p> <p><i>Timothy Funaro</i> Buyer</p>			Recommend an award be given Bell Helicopter Textron Inc. as the lowest responsible bidder meeting specifications and bid terms.
			SEE ATTACHED
<p>Date: _____</p> <p>To: Director From: Supervisor</p> <p><input type="checkbox"/> Concur <input type="checkbox"/> Disagree (See Reverse)</p>			
<p>Date: <u>6/10/15</u></p> <p>To: Buyer From: Director</p> <p><input checked="" type="checkbox"/> Approved for Award</p> <p><input type="checkbox"/> Hold award pending discussion</p> <p><input checked="" type="checkbox"/> Subject to Legislature Approval</p> <p><i>[Signature]</i> Director</p>			



POLICE DEPARTMENT
COUNTY OF NASSAU, NEW YORK

INTERNAL CORRESPONDENCE

DATE: June 5, 2015 SNCC NO:

TO: Commissioner of Police

FROM: Deputy Chief Kevin G. Canavan, Support Services

SUBJECT: **EVALUATION OF BID PROPOSALS; NASSAU COUNTY FORMAL SEALED BID PROPOSAL 1520-04285-047 (TWIN ENGINE AIRCRAFT), CAPITAL PROJECT 50628**

EXECUTIVE SUMMARY

Capital Project 50628 has been assigned for the purchase of two (2) light twin-engine aircraft to replace two of the Department's current single-engine Bell Model 407 aircraft. As a result of that Capital Project, Nassau County issued Formal Sealed Bid Proposal 1520-04285-047 to solicit qualified vendors to offer bids to supply these aircraft. The bid was opened on April 9, 2015 and originally scheduled to end on April 28, 2015. It was later extended at the request of Airbus Helicopters until May 12, 2015. Three vendors submitted sealed bids; Airbus Helicopters, Bell Helicopter, and PAC International. The submission from PAC International was not forwarded to the Department for consideration. PAC International submitted a proposal for a Bell Model 429 aircraft at a higher cost (\$8,675,598.58 per aircraft) than offered by another vendor (Bell Helicopter) for an identical solution.

A committee was formed to evaluate the bids from Airbus Helicopters and Bell Helicopter. The committee consisted of four members; the writer, Deputy Chief Kevin G. Canavan, Serial Number 6367, Police Officer Pilot Dennis Angermaier Shield Number 3331, Serial Number 8810, Police Officer James Sarnataro, Shield Number 1754, Serial Number 6441, Police Officer Mechanic Michael Gangarossa, Shield Number 2137, Serial Number 7926, and Police Officer Mechanic Thomas Verga, Shield Number 2944, Serial Number 8340.

After a thorough review and evaluation of the respective bid submissions, the committee recommends the County move forward with the acquisition of the Bell Model 429 offered by Bell Helicopter.

COMMITTEE

The members of the selection committee were chosen based upon their specific aviation expertise and practical experience.

- Deputy Chief Canavan-- FAA Certified Pilot, Airline Transport Pilot, Commercial Pilot, Certified Flight Instructor, Certified Instrument Flight Instructor,
- Police Officer Pilot Angermaier --FAA Certified Pilot, Commercial Pilot, Certified Flight Instructor, Certified Instrument Flight Instructor, NCPD Aviation Unit Chief Pilot,
- Police Officer Mechanic Michael Gangarossa, - FAA Certified Aircraft Mechanic, NCPD Aviation Unit Lead Mechanic
- Police Officer Mechanic Thomas Verga - FAA Certified Aircraft Mechanic
- Police Officer James Sarnataro - NCPD Aviation Unit Senior Tactical Flight Officer

HISTORY

The Nassau County Police Department Aviation Unit has been in existence since 1967, and has operated under Part 91 (General Operation and Flight Rules) of the Federal Aviation Administration (FAA). Throughout this time, the Unit has operated under FAA Visual Flight Rules (VFR); regulations that specify the cloud and visibility limitations for aircraft operation with visual reference to terrain.

On December 31, 2013 Paula Sind-Prunier, PhD, Chief, Safety Recommendations and Quality Assurance Division, National Transportation Safety Board, contacted County Executive Edward Mangano's Office in regard to a list of eight safety recommendations that the NTSB issued in a letter dated October 1, 2009. The letter was addressed to forty (40) Public Helicopter Emergency Medical Services [HEMS] Operators throughout the United States. It should be noted that the NTSB is an independent Federal agency charged by Congress with investigating every civil aviation accident in the United States. The NTSB determines the probable cause of accidents and issues safety recommendations aimed at preventing future accidents. It is important to note that these recommendations were proposed by the NTSB in 2009 in response to a significant increase in fatal helicopter air ambulance accidents from 2002 through 2008. While these recommendations were not mandatory, the Department considers them valid and authoritative.

On October 12, 2010 the Federal Aviation Administration issued a Notice of Proposed Rulemaking in response to these [and other] safety recommendations. The proposed rules would change equipment and operating requirements for commercial helicopter operations, including many specifically for helicopter air ambulance operations. The rulemaking was deemed necessary in the interest of crew, passenger, and patient safety. While the Nassau County Police Department is not a 'commercial' operation, the intent of the NTSB recommendations and subsequent FAA proposed rulemaking will have a direct impact on the operations of the Nassau County Police Aviation Unit. To date, the rulemaking proposed by the FAA has been delayed to allow aircraft operators to assess personnel, training and equipment issues and requirements.

In March, 2013 the Patrol Division was directed to explore the feasibility of acquiring new aircraft to replace Nassau Helicopter 4 (N604PD) and Nassau Helicopter 6 (N606PD). Specifically, the directive was to identify a twin engine helicopter that would enhance and increase the operational capabilities of the Aviation Unit in support of the mission of the Department. In response to that directive, the Division conducted a thorough evaluation of the Aviation Unit to identify those areas in which the addition of a 'medium capacity' twin engine aircraft would prove beneficial, and to present a cost versus value analysis to the Department, including the costs associated with the initial purchase as well as its useful life support costs. The results of that evaluation resulted in the development of the attached Bid Specifications.

FORMULATION OF THE BID SPECIFICATIONS

In formulating the Bid Specifications, the committee considered the safety of crew and passengers as the utmost priority. The committee researched the most recent design and construction safety standards issued by the FAA. The Bid Specifications were written to reflect those standards while meeting the mission requirements of the Aviation Unit. In the view of the committee, the two most important requirements of the Bid Specifications are as follows;

Compliance with 14 CFR Part 27 Amendment 44 or subsequent, and/or 14 CFR Part 29, Airworthiness Criteria for Helicopter Instrument Flight

- Airworthiness standards for rotorcraft in the normal category (up to 7,000 pounds maximum takeoff weight and nine or fewer passengers).

Compliance with FAR Part 27, Amendment 32, including FAR Part 27 § 561 Emergency Landing Conditions

- Airworthiness standards for the design of rotorcraft to protect the occupants from injury during emergency landing conditions.

The Formal Sealed Bid Proposal clearly states that the Nassau County Police Department reserves the right to consider helicopters that may vary somewhat from the Specifications set forth. If any bid vendor fails to meet all of the requirements related to the helicopters that are set forth in the Specifications of the Solicitation, then that bid vendor shall make it clear to the NCPD by written notification. Additionally, that vendor shall state which substitute equipment or capability is being proposed for any particular specification that is not being met. The Bid was opened on April 9, 2015.

EVALUATION PROCESS

Three vendors responded to the Formal Sealed Bid Proposal;

- Airbus Helicopters, Inc.
- Bell Helicopter
- PAC International

Two vendor submissions were forwarded to the committee for consideration; Airbus Helicopters, Inc. and Bell Helicopter. The review of the submissions began on May 13, 2015. The evaluation process consisted of an examination of the following;

- Background information provided by each vendor
- Comparison of the vendor's offering to the requirements of the Bid Specifications
- Ground Inspection and Review of Vendor Solution
- Flight Testing / Evaluation

Background Information and Vendor Profile -- the committee considered factors such as the ability of the vendor to provide services that support the goals of the Nassau County Police Department, company reputation within the aviation industry, and company reputation within the airborne law enforcement community.

Vendor Offering versus Bid Specifications -- the committee reviewed the specifications offered by each vendor including alternative solutions due to technological improvements, regulatory changes, or new product offerings.

Ground Inspection and Review – the committee invited each vendor to showcase an aircraft for inspection and review by committee members. The committee travelled to Westover, Massachusetts on May 28, 2015 and evaluated the Airbus Helicopter currently operated by the Massachusetts State Police. The committee also travelled to Brooklyn, New York on May 27, 2015 to evaluate the Bell Helicopter currently operated by the New York City Police Department. Each vendor had the opportunity to present its product and provide background information to the committee.

SCORING

- Vendor Profile 5%
- Technical Information, Conformity to Bid Specifications 45%
- Flight Testing / Maintenance Evaluation 40%
- Cost vs. Budget 10%

Each of the categories was thoroughly evaluated with the following results;

VENDOR PROFILE

CONFORMANCE TO BID SPECIFICATIONS

Each vendor's submission of compliance to the technical specifications was evaluated and rated by the committee. Bell Helicopter scored 99.6% compliance while Airbus Helicopters scored 94.3%. It is important to note that Airbus Helicopters failed to meet several requirements of the Bid Specifications that the committee considers vital to the continued safe operations of the Nassau County Police Aviation Unit. The committee found issue with certain responses to the technical information provided by Airbus Helicopters. As stated above, safety of crew and passengers was the utmost priority in developing the Bid Specifications. The two most important requirements centered on the construction design of the aircraft and its ability to protect the crew and passengers in the event of an emergency landing. It is important to keep in mind that the cabin roof of these aircraft support considerable weight (engines, transmission, rotor system, etc.). The current design standards reflect the FAA's concern to protect aircraft occupants from injury as a result of 'hard' landings under emergency conditions.

The following is a partial list of specifications that the Airbus H135 failed to meet;

- a. The helicopters shall be certified by the FAA in accordance with 14 CFR Part 27 Amendment 44 or subsequent, and/or 14 CFR Part 29, Airworthiness Standards, Normal Category Rotorcraft, as well as the standards set forth in Amendment 32 of FAR Part 27, including FAR Part 27 § 561 Emergency Landing Conditions; General, prior to contract award.
 - i. These standards ensure that the aircraft has been designed and constructed to the most recent and stringent standards put forth by the Federal Aviation Administration. Airbus Helicopters responded to the Formal Sealed Bid Proposal stating that the H135 twin-engine aircraft offered in response to the solicitation met these design standards. Mr. Ed Van Winkle, Sales Manager, Airborne Law Enforcement, Airbus Helicopters confirmed this claim when directly questioned by members of the committee. A formal request was made by the committee for Airbus to provide written confirmation that the aircraft was certified as such by the FAA. Upon a second request for written documentation, Mr. Van Winkle responded in an e-mail as follows: "I received confirmation late last night that the EC135P2+/e is NOT certified to Part 27 Amendment 32 or 44, which will likely be the case for the P3 as well. This is contrary my understanding when we were completing the bid package. My apologies for the mistake."
- b. Maintenance and inspection tasks and intervals shall be in accordance with Maintenance Steering Group 3 standards or acceptable equivalent.
 - i. Maintenance Steering Group 3 standards have been developed by the aviation industry to increase aircraft reliability and availability while decreasing maintenance costs. MSG3 standards have historically increased aircraft availability by 30% and decreased maintenance costs by 35%. Airbus Helicopters supports these standards on other production models but fails to meet the criteria on the aircraft offered for review.
- c. The H135 fails to offer a four-axis autopilot.

- i. The Aviation Unit is transitioning to having the capability of operations during instrument flight conditions - reduced visibility and cloud clearance. The committee believes that this is an important tool to assist the pilot and flight crew to manage the aircraft and its systems during demanding work-load situations.
- d. Airbus Helicopters fails to provide a 'Fast-rope' solution that is approved by the FAA.
 - i. Fast-rope is the ability to deploy personnel (Bureau of Special Operations or Emergency Services Officers) from the helicopter in places where the aircraft itself cannot touch down. They offer a solution that would force the NCPD to act as a 'public aircraft' and not under the rules of the Federal Aviation Administration. This would force us to conduct operations that are not insurable.
- e. The H135 does not have the ability to load ambulance patients through the side door of the aircraft. The only method for loading patients is through rear 'clam shell' doors located under the tail boom of the aircraft.
 - i. The Aviation Unit has traditionally loaded medical patients through the side doors of the aircraft. Unlike many Helicopter Air Medical Services (HEMS), the Aviation Unit has constant interaction with over one hundred volunteer fire departments, police departments, and outside service agencies. While the Airbus H135 offers a Fenestron (semi-enclosed) tail rotor, there are safety risks involved in having non-aviation personnel walk under and around the tail boom of the aircraft. The tail boom is of composite construction that is subjected to extreme stresses. Members of the Aviation Unit are trained to minimize exposure to this highly sensitive area of the aircraft.
- f. Airbus Helicopters does not offer a training aircraft for NCPD pilots while attending the manufacturer school. The only training offered is simulator based, with no 'hands-on' training offered.
 - i. NCPD pilots attend manufacturer training school on a regular basis. It affords them an opportunity to experience aircraft emergency training in the actual aircraft. Airbus Helicopters does not own training aircraft. All training is done by use of a flight simulator. Airbus Helicopters has suggested that Nassau County utilize its own aircraft for such purposes. The committee feels that this presents undue risk and exposure for the Department and the County.
- g. The H135 Flight Manual prohibits practice touch down autorotations.
 - i. An autorotation is the ability of the aircraft to safely land in the event of a dual engine failure. While the Aviation Unit does not practice touch down autorotations in our aircraft, we do attend the manufacturer's training school to obtain this valuable training. This vital training is not available with the H135.

FLIGHT TESTING / EVALUATION

The flight testing and review was conducted by Police Officer Pilot Angermaier and Police Officer (Tactical Flight Officer) Samataro. The maintenance evaluation was conducted by Police Officer Mechanics Gangarossa and Verga. Each member of the committee was allowed the opportunity to perform an examination of the aircraft, its systems, and maintenance records and manuals. Additionally, members of the committee contacted, visited, and interviewed members of several law enforcement agencies operating Airbus and Bell products. These agencies include the New York City Police Department, Suffolk County Police Department, Delaware State Police, Fairfax County Police Department, and the Massachusetts State Police to name a few.

The Airbus H135 scored 63.2 in this category while the bell 429 scored 90.7. The evaluation consisted of pre-flight inspection, engine start and 'run-up', aircraft performance at maximum gross weight, cockpit and cabin ergonomics, maintenance, and general safety items. The Bell 429 outperformed the H135 in each area.

COST

The committee was extremely conscious of the overall cost of the project, but also considered cost versus value. The Airbus H135 was the lowest bid and scored the maximum value for this category. The committee did not however, feel that the Airbus H135 satisfied the Bid Specifications due to the fact that it does not comply with the most important safety specifications. The Bell 429, while more expensive, was within budget and was designed and built in accordance with the latest Federal Aviation Administration regulations and standards. It too, scored the maximum value for this category for these reasons.

SUMMARY

It is the recommendation of the committee that the Bell Model 429 aircraft presents the best alternative from a safety, reliability, and cost efficiency standpoint. The committee believes that Bell 429 is the aircraft that is best suited for the future of the Aviation Unit. The committee notes that several responses from Airbus Helicopters to the Formal Sealed Bid Proposal contained inaccuracies that were only corrected after repeated questioning. Despite the inaccurate information provided by Airbus Helicopters, the committee allowed Airbus Helicopter to continue to showcase the H135 submitted for evaluation. The most important consideration for the committee in recommending aircraft for purchase is safety. The Bell 429 offers the latest FAA certified design and construction standards, and demonstrated compliance with the safety specifications set forth in the Bid Specifications whereas the Airbus H135 did not. The committee considers the Bell 429 as the safest and most logical choice and recommends its purchase.

Deputy Chief

ENDORSED	/	DATE
DEPUTY C.O.		
C.O.		
DIV C.O.		
DEPUTY OFFICE CHIEF		
OFFICE CHIEF		



ATTACHMENT D - BID TERMS EXCEPTIONS

D.1 INDEMNIFICATION CLAUSE

The Formal Sealed Bid Proposal document contains four (4) indemnification clauses:

- Page 2, paragraph 22(f).
- Page 14, section titled "Indemnification."
- Page 18, middle of the page paragraph starting with "Contractor agrees to indemnify..."
- Page 20, section titled "Comprehensive and General Liability and Hold Harmless."

All four of these indemnification sections differ in some regard and the one on page 18 has some major typographical errors in the last sentence. Bell would like to propose that, for convenience and clarity; we shall remove all of the other reference/indemnification clauses and retain the Indemnification Clause outlined on page 14.

D.2 PROTECTION FROM CLAIM AGAINST "OR EQUAL":

This clause on page 16 appears to have the first sentence as duplicate.

D.3 INSURANCE AND WORKERS COMPENSATION CLAUSE

After review of this clause on page 20 of the Formal Sealed Bid Proposal, the following changes are requested:

- Delete reference to .."authorized to do business in the State of New York.." because Bell global insurance coverage is purchased through Lloyds of London, which is best coverage in the world, however, they may or may not be authorized to conduct business in the State of New York, therefore, would allow for simplification.
- Replace reference to ..."Comprehensive and General Liability.." with "Commercial General Liability", because only available coverage provided by Bell is Commercial General Liability insurance, since Comprehensive line of insurance can no longer be purchased by Fortune 500 companies and it was converted into Commercial General Liability insurance.

D.4 COMPREHENSIVE GENERAL LIABILITY AND HOLD HARMLESS CLAUSE

After review of this clause on page 20 of the Formal Sealed Bid Proposal, the following changes are requested:

- Replace reference to ..."Comprehensive and General Liability.." with "Commercial General Liability" throughout the clause, because only available coverage provided by Bell is Commercial General Liability insurance, since Comprehensive line of insurance



can no longer be purchased by Fortune 500 companies and it was converted into Commercial General Liability insurance.

- Delete reference to .."authorized to do business in the State of New York.." in second paragraph, because Bell global insurance coverage is purchased through Lloyds of London, which is best coverage in the world, however, they may or may not be authorized to conduct business in the State of New York, therefore, would allow for simplification.

D.5 HELICOPTER SPECIFICATION DOCUMENT, SECTION 5, ACCEPTANCE AND DELIVERY

After review of the Helicopter Warranty section on page 36, the following changes are requested:

- Paragraph 1, page 36, second sentence, please remove reference to " and ancillary costs"; Bell standard warranty provides coverage for shipping expenses up to 200 hours of operation
- Paragraph 1, page 36, third sentence, please replace reference to "new or like-new" with "new or reconditioned parts, at Seller's discretion,..."



CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY)
04/06/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Aon Risk Services Northeast, Inc. Boston MA Office One Federal Street Boston MA 02110 USA	CONTACT NAME: PHONE (A/C, No. Ext): (866) 283-7122 FAX (A/C, No.): 800-363-0105 E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE INSURER A: Westminister Ins Co. 0094AL INSURER B: National Union Fire Ins Co of Pittsburgh 19445 INSURER C: Zurich American Ins Co 16535 INSURER D: American Zurich Ins Co 40142 INSURER E: INSURER F:	

COVERAGES CERTIFICATE NUMBER: 570057299766 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. Limits shown are as requested

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			3441GLUS014 GENERAL LIABILITY	01/01/2015	01/01/2016	EACH OCCURRENCE \$5,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$5,000,000 MED EXP (Any one person) PERSONAL & ADV INJURY \$5,000,000 GENERAL AGGREGATE PRODUCTS - COMP/OP AGG Products - Comp/Op \$5,000,000
C	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS			BAP 4020209 01	04/01/2015	04/01/2016	COMBINED SINGLE LIMIT (Ea accident) \$3,000,000 BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$2,000,000			19961720 UMBRELLA	01/01/2015	01/01/2016	EACH OCCURRENCE \$1,000,000 AGGREGATE \$1,000,000
D	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N	N/A	WC402021001 WC402021101	04/01/2015 04/01/2015	04/01/2016 04/01/2016	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE-EA EMPLOYEE \$1,000,000 E.L. DISEASE-POLICY LIMIT \$1,000,000
C	Excess WC			EWS402021201 SIR applies per policy terms & conditions	04/01/2015	04/01/2016	EL Each Accident \$1,000,000 EL Disease - Policy \$1,000,000 EL Disease - Ea Emp \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Evidence of Insurance
Excess WC SIR - \$1,000,000

CERTIFICATE HOLDER

bell Helicopter Textron Inc.
3255 Bell Helicopter Blvd
Forth worth TX 76118 USA

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Aon Risk Services Northeast, Inc.

Holder Identifier :

Certificate No : 570057299766



Tulsa
A New Kind of Energy.

Invitation For Bid

12-901

PURCHASE OF NEW HELICOPTER AND SALE or TRADE OF USED HELICOPTER

Issued: June 13, 2013

**City of Tulsa,
Oklahoma**

Page 16 of 40

SPECIAL REQUIREMENTS

1. Irrevocable Offer Period. You understand and acknowledge that the offer submitted as your Bid is firm and irrevocable from the City's close of business on the Bid Submission Date until 365 days after the Bid Opening Date.

2. General Liability/Indemnification. You shall hold City harmless for any loss, damage or claims arising from or related to your performance of the Purchase Agreement. You must exercise all reasonable and customary precautions to prevent any harm or loss to all persons and property related to the Purchase Agreement. You agree to indemnify and hold the City harmless from all claims, demands, causes of action or suits of whatever nature arising out of the Goods, Services, labor, or materials furnished by you or your subcontractors under the provisions of the Bid Packet documents.

3. Liens. Pursuant to City's Charter (Art. XII, §5), no lien of any kind shall exist against any property of City. Bidder shall deliver all goods to City free and clear of liens. Delivery by Seller to City of goods which are subject to liens under the Purchase Agreement shall be a material breach of the Purchase Agreement and all damages and costs incurred by City as a result of the existence of such liens shall be paid to City by Seller. At City's option, City may return such goods to Seller and Seller shall pay the cost of returning such goods and reimburse City for any payments made for such goods.

4. Insurance. If checked "Yes," the following insurance is required:

Yes: No: X

Seller and its subcontractors must obtain at Seller's expense and keep in effect during the term of the Purchase Agreement, including any renewal periods, policies of General Liability insurance in the minimum amounts set forth below and Workers' Compensation insurance in the statutory limits required by law.

Personal injury, each person	\$ 175,000.00
Property damage, each person	\$ 25,000.00
Auto Liability, each occurrence	\$ 1,000,000.00
Personal injury and property damage, each occurrence	\$ 1,000,000.00
Workers' Compensation	(Statutory limits)

SELLER'S INSURER MUST BE AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF OKLAHOMA.

Seller's insurance policy and all certificates of insurance must state that the insurer cannot change or cancel coverage without the insurer first giving 30 days written notice to City of such change, cancellation or termination. You will have 10 days after notification that your Bid was selected for contract award by City to provide proof of such coverage. The Certificate of Insurance must be completed with the following information:

- A. Your name
- B. Insurer's name and address;
- C. Policy number;
- D. Liability coverage and amounts;
- E. Commencement and expiration dates;
- F. Signature of authorized agent of insurer;
- G. Invitation For Bid number.

The completed Certificate of Insurance form should be sent to the assigned Project Buyer reflected on the Summary Sheet of this Bid Packet. An endorsement from the insurer must be obtained by Seller which adds City as an Additional Insured to the policy and states that the insurer will provide City with notice thirty days in advance of termination, cancellation or change in the coverage of the policy. The cancellation clause on your certificate must conform to the endorsement. Any conflict between the endorsement and the certificate is a material breach of the Purchase Agreement and can result in the retraction by City of the award of the Bid to Seller.

5. Bonding.

A. Bid Bond. If the box is checked "Yes," the Bid Bond is required:

Yes:

No: X

INSURANCE AND WORKERS COMPENSATION: The successful bidder agrees to obtain from an insurance company, authorized to do business in the State of New York, and keep in force during the term of any agreement, a policy of Comprehensive and General Liability Insurance naming the Contractor as an insured, and naming the County of Nassau as an additional insured, including but not limited to the torts and negligence of Contractor's personnel, with a combined minimum single limit of three million dollars (\$3,000,000.00) for bodily injury and property damage for any one occurrence at the Contractor's sole cost and expense.

The Contractor shall comply with all provisions of the Workers' Compensation Law and shall furnish a certificate showing evidence of current coverage.

COMPREHENSIVE AND GENERAL LIABILITY AND HOLD HARMLESS: The Contractor agrees to indemnify and hold harmless the County of Nassau, its agents, officers and employees against any and all claims, causes of action, costs, and liabilities, in law or in equity, of every kind and nature whatsoever, directly or proximately resulting from any act of omission or commission of Contractor, its officers, agents, or employees. Contractor shall, at Nassau County's demand, defend at its own risk and expense any and all suits, actions or legal proceedings which may be brought or instituted against Nassau County, its agents, officers, or employees on any such claim, demand or cause of action, and Contractor shall pay and satisfy any judgment or decree which may be rendered against Nassau County, its agents, officers, or employees in any such suit, action or legal proceeding.

The Contractor shall obtain from an insurance company authorized to do business in the State of New York, and keep in force during the term of any agreement, a policy of Comprehensive and General Liability Insurance naming the Contractor as an insured, and naming the County of Nassau as an additional insured, including, but not limited, to the torts and negligence of Contractor's personnel, with a combined single minimum limit of three million dollars (\$3,000,000.00) for bodily injury and property damage for any one occurrence at the Contractor's sole cost and expense.

The Contractor shall comply with all provisions of the Workers' Compensation Law and shall furnish a certificate showing evidence of current coverage.

Bidder shall list below the Insurance Company(s) holding the following documents:

A) Certificate of Insurance name the County of Nassau as co-insured:

Or

B) Certificate of Insurance with indemnification agreement (hold harmless clause):

YES, REFERENCE ATTACHMENT H, BELL HELICOPTER INSURANCE CERTIFICATE

PRODUCT LIABILITY INSURANCE: The successful bidder agrees to obtain from an insurance company authorized to do business in the State of New York, and keep in force during the term of an agreement, a policy of Product Liability Insurance, including foreign objects, with a combined minimum single limit of one million dollars (\$1,000,000.00) for each occurrence, at the Contractor's sole cost and expense, and shall furnish a certificate showing evidence of current coverage.

ALL BIDS MUST BE F.O.B. DESTINATION AND INCLUDE DELIVERY WITHIN DOORS UNLESS OTHERWISE SPECIFIED.

BIDDER SIGN HERE


BIDDER

DIRECTOR OF CONTRACTS
TITLE

COUNTY OF NASSAU

CONSULTANT'S, CONTRACTOR'S AND VENDOR'S DISCLOSURE FORM

1. Name of the Entity: Bell Helicopter Textron Inc.
Address: 3255 Bell Helicopter Blvd.
City, State and Zip Code: Fort Worth, TX 76118

2. Entity's Vendor Identification Number: _____

3. Type of Business: ☒ Public Corp ☐ Partnership ☐ Joint Venture
☐ Ltd. Liability Co ☐ Closely Held Corp ☐ Other (specify)

4. List names and addresses of all principals; that is, all individuals serving on the Board of Directors or comparable body, all partners and limited partners, all corporate officers, all parties of Joint Ventures, and all members and officers of limited liability companies (attach additional sheets if necessary):

not applicable.

5. List names and addresses of all shareholders, members, or partners of the firm. If the shareholder is not an individual, list the individual shareholders/partners/members. If a Publicly held Corporation include a copy of the 10K in lieu of completing this section.

please reference Bell proposal response Attachment B
for the Textron Inc. 10K report.

6. List all affiliated and related companies and their relationship to the firm entered on line 1. above (if none, enter "None"). Attach a separate disclosure form for each affiliated or subsidiary company.

None

7. List all lobbyists whose services were utilized at any stage in this matter (i.e., pre-bid, bid, post-bid, etc.). The term "lobbyist" means any and every person or organization retained, employed or designated by any client to influence - or promote a matter before - Nassau County, its agencies, boards, commissions, department heads, legislators or committees, including but not limited to the Open Space and Parks Advisory Committee and Planning Commission. Such matters include, but are not limited to, requests for proposals, development or improvement of real property subject to County regulation, procurements, or to otherwise engage in lobbying as the term is defined herein. The term "lobbyist" does not include any officer, director, trustee, employee, counsel or agent of the County of Nassau, or State of New York, when discharging his or her official duties.

(a) Name, title, business address and telephone number of lobbyist(s):

None.

Page 3 of 4

(b) Describe lobbying activity of each lobbyist. See page 4 of 4 for a complete description of lobbying activities.

None

(c) List whether and where the person/organization is registered as a lobbyist (e.g., Nassau County, New York State):

None

8. VERIFICATION: This section must be signed by a principal of the consultant, contractor or Vendor authorized as a signatory of the firm for the purpose of executing Contracts.

The undersigned affirms and so swears that he/she has read and understood the foregoing statements and they are, to his/her knowledge, true and accurate.

Dated: 19 June 2015

Signed: A. Gibbs

Print Name: Andrea Gibbs

Title: Manager of Contracts

The term lobbying shall mean any attempt to influence: any determination made by the Nassau County Legislature, or any member thereof, with respect to the introduction, passage, defeat, or substance of any local legislation or resolution; any determination by the County Executive to support, oppose, approve or disapprove any local legislation or resolution, whether or not such legislation has been introduced in the County Legislature; any determination by an elected County official or an officer or employee of the County with respect to the procurement of goods, services or construction, including the preparation of contract specifications, including but not limited to the preparation of requests for proposals, or solicitation, award or administration of a contract or with respect to the solicitation, award or administration of a grant, loan, or agreement involving the disbursement of public monies; any determination made by the County Executive, County Legislature, or by the County of Nassau, its agencies, boards, commissions, department heads or committees, including but not limited to the Open Space and Parks Advisory Committee, the Planning Commission, with respect to the zoning, use, development or improvement of real property subject to County regulation, or any agencies, boards, commissions, department heads or committees with respect to requests for proposals, bidding, procurement or contracting for services for the County; any determination made by an elected county official or an officer or employee of the county with respect to the terms of the acquisition or disposition by the county of any interest in real property, with respect to a license or permit for the use of real property of or by the county, or with respect to a franchise, concession or revocable consent; the proposal, adoption, amendment or rejection by an agency of any rule having the force and effect of law; the decision to hold, timing or outcome of any rate making proceeding before an agency; the agenda or any determination of a board or commission; any determination regarding the calendaring or scope of any legislature oversight hearing; the issuance, repeal, modification or substance of a County Executive Order; or any determination made by an elected county official or an officer or employee of the county to support or oppose any state or federal legislation, rule or regulation, including any determination made to support or oppose that is contingent on any amendment of such legislation, rule or regulation, whether or not such legislation has been formally introduced and whether or not such rule or regulation has been formally proposed.



Nassau Police Department **Bell 429** **Bell Helicopter**
A Textron Company

ATTACHMENT B - TEXTRON 10K

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 3, 2015

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number 1-5480

Textron Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

05-0315468

(I.R.S. Employer
Identification No.)

40 Westminister Street, Providence, RI
(Address of principal executive offices)

02903
(Zip code)

Registrant's Telephone Number, Including Area Code: **(401) 421-2800**

Securities registered pursuant to Section 12(b) of the Act.

Title of Each Class
Common Stock — par value \$0.125

Name of Each Exchange on Which Registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one).

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's Common Stock held by non-affiliates at June 28, 2014 was approximately \$10.8 billion based on the New York Stock Exchange closing price for such shares on that date. The registrant has no non-voting common equity.

At February 7, 2015, 276,834,630 shares of Common Stock were outstanding.

Documents Incorporated by Reference

Part III of this Report incorporates information from certain portions of the registrant's Definitive Proxy Statement for its Annual Meeting of Shareholders to be held on April 22, 2015.

PART I

Item 1. Business

Textron Inc. is a multi-industry company that leverages its global network of aircraft, defense, industrial and finance businesses to provide customers with innovative products and services around the world. We have approximately 34,000 employees worldwide. Textron Inc. was founded in 1923 and reincorporated in Delaware on July 31, 1967. Unless otherwise indicated, references to “Textron Inc.,” the “Company,” “we,” “our” and “us” in this Annual Report on Form 10-K refer to Textron Inc. and its consolidated subsidiaries.

On March 14, 2014, we completed the acquisition of Beech Holdings, LLC, which included Beechcraft Corporation and other subsidiaries (collectively “Beechcraft”). We combined Beechcraft with our legacy Cessna segment to form the Textron Aviation segment.

We conduct our business through five operating segments: Textron Aviation, Bell, Textron Systems and Industrial, which represent our manufacturing businesses, and Finance, which represents our finance business. A description of the business of each of our segments is set forth below. Our business segments include operations that are unincorporated divisions of Textron Inc. and others that are separately incorporated subsidiaries. Financial information by business segment and geographic area appears in Note 15 to the Consolidated Financial Statements on pages 72 through 73 of this Annual Report on Form 10-K. The following description of our business should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 19 through 36 of this Annual Report on Form 10-K. Information included in this Annual Report on Form 10-K refers to our continuing businesses unless otherwise indicated.

Textron Aviation Segment

Textron Aviation is a leader in general aviation. Textron Aviation manufactures, sells and services Beechcraft and Cessna aircraft, and services the Hawker brand of business jets. The segment has two principal product lines: aircraft sales and aftermarket. Aircraft sales include business jets, turboprop aircraft, piston aircraft, and military trainer and defense aircraft. Aftermarket includes parts sales, and maintenance, inspection and repair services. Revenues in the Textron Aviation segment accounted for approximately 33%, 23% and 25% of our total revenues in 2014, 2013 and 2012, respectively. Revenues for Textron Aviation’s principal lines of business were as follows:

<i>(In millions)</i>	2014	2013	2012
Aircraft sales	\$ 3,182	\$ 1,868	\$ 2,318
Aftermarket	1,386	916	793
Total revenues	\$ 4,568	\$ 2,784	\$ 3,111

The family of jets currently produced by Textron Aviation includes the Mustang, Citation M2, Citation CJ3+, Citation CJ4, Citation XLS+, Citation Sovereign+ and the recently certified Citation X+, the fastest civilian jet in the world. In addition, Textron Aviation is developing the Citation Latitude, a midsize business jet expected to enter into service in 2015, as well as the larger Citation Longitude expected to enter into service in 2017.

Textron Aviation’s turboprop aircraft include the best-selling business turboprop family in the world, the King Air, which offers the King Air C90GTx, with recently announced performance enhancements, the King Air 250, available with a new payload upgrade and the King Air 350. The world’s best-selling utility turboprop, the Cessna Caravan, is used in the United States primarily for overnight express package shipments and for personal transportation. International uses of Caravans include air taxi service, humanitarian flights, tourism and freight transport.

Textron Aviation’s single-engine piston aircraft include the Baron, Bonanza, Skyhawk SP, Turbo Stationair and the high performance TTx. The Turbo Skylane JT-A, Textron Aviation’s first Jet-A fueled piston aircraft is expected to be certified and begin delivering in 2015.

Textron Aviation also offers the T-6 trainer and AT-6 light attack military aircraft. During 2014, Textron Aviation received new orders from the U.S. Government, Mexico and New Zealand for T-6 aircraft. More than 25 countries now operate the T-6 aircraft as a part of their military training fleet.

The Textron Aviation family of aircraft is supported by a global network of 21 service centers operated by Textron Aviation, two of which are co-located with Bell Helicopter, along with 401 authorized independent service centers located in 49 countries throughout the world. Textron Aviation-owned service centers provide customers with 24-hour service and maintenance. Textron

Textron Systems Segment

Textron Systems' product lines consist of unmanned aircraft systems, marine and land systems, weapons and sensors, simulation, training and other defense and aviation mission support products and services. Textron Systems is a supplier to the defense, aerospace and general aviation markets, and represents approximately 12%, 14% and 14% of Textron's revenues in 2014, 2013 and 2012, respectively. This segment sells its products to U.S. Government customers and to customers outside the U.S. through foreign military sales sponsored by the U.S. Government and directly through commercial sales channels. Textron Systems competes on the basis of technology, contract performance, price, product quality and reliability, product support and reputation. Revenues by Textron Systems' product lines were as follows:

<i>(In millions)</i>	2014	2013	2012
Unmanned Systems	\$ 797	\$ 666	\$ 694
Weapons and Sensors	264	311	285
Marine and Land Systems	158	392	443
Simulation, Training and Other	405	296	315
Total revenues	\$ 1,624	\$ 1,665	\$ 1,737

Unmanned Systems

Unmanned Systems consists of the Unmanned Systems and Support Solutions businesses. The Unmanned Systems business has designed, manufactured and fielded combat-proven unmanned aircraft systems for more than 25 years, including the U.S. Army's premier tactical unmanned aircraft system, the Shadow. This business's unmanned aircraft and interoperable command and control technologies provide critical situational awareness and actionable intelligence for users worldwide. Our Support Solutions business provides logistical support for various unmanned systems as well as training and supply chain services to government and commercial customers worldwide.

Weapons and Sensors

The Weapons and Sensors business consists of state-of-the-art smart weapons; airborne and ground-based sensors and surveillance systems; and protection systems for the defense and aerospace industries. It primarily sells its products to international allies through foreign military sales.

Marine and Land Systems

The Marine and Land Systems business is a world leader in the design, production and support of armored vehicles, turrets and related subsystems as well as advanced marine craft. It produces a family of extremely mobile, highly protective vehicles for the U.S. Army and international allies, and is developing the U.S. Navy's next generation air cushion vehicle.

Simulation, Training and Other

Simulation, Training and Other includes five businesses: TRU Simulation + Training, Lycoming, Electronic Systems, Advanced Information Solutions and Geospatial Solutions. TRU Simulation + Training designs, develops, manufactures, installs, and provides maintenance of advanced flight training courseware and devices, including full flight simulators, for both rotary- and fixed-wing aircraft for commercial airlines, aircraft original equipment manufacturers (OEMs), flight training centers and training organizations worldwide. Through its training centers, TRU Simulation + Training provides initial type-rating and recurrency training for pilots. Lycoming specializes in the engineering, manufacture, service and support of piston aircraft engines for the general aviation and remotely piloted aircraft markets. Electronic Systems provides high technology test equipment and electronic warfare test and training solutions. Advanced Information Solutions and Geospatial Solutions provide intelligence software solutions for U.S. and international defense, intelligence and law enforcement communities.

Industrial Segment

Our Industrial segment designs and manufactures a variety of products under three principal product lines. Industrial segment revenues were as follows:

<i>(In millions)</i>	2014	2013	2012
Fuel Systems and Functional Components	\$ 1,975	\$ 1,853	\$ 1,842
Specialized Vehicles and Equipment	868	713	660
Tools and Test Equipment	495	446	398
Total revenues	\$ 3,338	\$ 3,012	\$ 2,900

Our Finance segment's largest business risk is the collectability of its finance receivable portfolio. See "Finance Portfolio Quality" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 28 for information about the Finance segment's credit performance.

Backlog

Our backlog at the end of 2014 and 2013 is summarized below:

<i>(In millions)</i>	January 3, 2015	December 28, 2013
Bell	\$ 5,524	\$ 6,450
Textron Systems	2,790	2,803
Textron Aviation	1,365	1,018
Total backlog	\$ 9,679	\$ 10,271

Approximately 52% of our total backlog at January 3, 2015 represents orders that are not expected to be filled in 2015.

At the end of 2014, approximately 66% of our total backlog was with the U.S. Government, which included only funded amounts as the U.S. Government is obligated only up to the amount of funding formally appropriated for a contract. Bell's 2014 backlog included \$2.0 billion related to a multi-year procurement contract with the U.S. Government for the purchase of V-22 tiltrotor aircraft.

U.S. Government Contracts

In 2014, approximately 28% of our consolidated revenues were generated by or resulted from contracts with the U.S. Government. This business is subject to competition, changes in procurement policies and regulations, the continuing availability of funding, which is dependent upon congressional appropriations, national and international priorities for defense spending, world events, and the size and timing of programs in which we may participate.

Our contracts with the U.S. Government generally may be terminated by the U.S. Government for convenience or if we default in whole or in part by failing to perform under the terms of the applicable contract. If the U.S. Government terminates a contract for convenience, we normally will be entitled to payment for the cost of contract work performed before the effective date of termination, including, if applicable, reasonable profit on such work, as well as reasonable termination costs. If, however, the U.S. Government terminates a contract for default, generally: (a) we will be paid the contract price for completed supplies delivered and accepted and services rendered, an agreed-upon amount for manufacturing materials delivered and accepted and for the protection and preservation of property, and an amount for partially completed products accepted by the U.S. Government; (b) the U.S. Government may not be liable for our costs with respect to unaccepted items and may be entitled to repayment of advance payments and progress payments related to the terminated portions of the contract; (c) the U.S. Government may not be liable for assets we own and utilize to provide services under the "fee-for-service" contracts; and (d) we may be liable for excess costs incurred by the U.S. Government in procuring undelivered items from another source.

Research and Development

Information regarding our research and development expenditures is contained in Note I to the Consolidated Financial Statements on page 51 of this Annual Report on Form 10-K.

Patents and Trademarks

We own, or are licensed under, numerous patents throughout the world relating to products, services and methods of manufacturing. Patents developed while under contract with the U.S. Government may be subject to use by the U.S. Government. We also own or license active trademark registrations and pending trademark applications in the U.S. and in various foreign countries or regions, as well as trade names and service marks. While our intellectual property rights in the aggregate are important to the operation of our business, we do not believe that any existing patent, license, trademark or other intellectual property right is of such importance that its loss or termination would have a material adverse effect on our business taken as a whole. Some of these trademarks, trade names and service marks are used in this Annual Report on Form 10-K and other reports, including: Aeronautical Accessories; AAI; acAlert; Ascent; Aerosonde; AH-1Z; Ambush; Arc Horizon; AVCOAT; Bad Boy Buggies; Baron; Battlehawk; Beechcraft; Beechcraft T-6; Bell; Bell Helicopter; Bonanza; Bravo; Cadillac Gage; Caravan; Caravan Amphibian; Caravan 675; Cessna; Cessna 350; Cessna 400; Cessna Corvalis TTX; Cessna Turbo Skylane JT-A; Cessna Turbo Skyhawk JT-A; Citation; CITATION ALPINE EDITION; Citation Encore+; Citation Latitude; Citation Longitude; Citation M2; Citation Sovereign; Citation X; Citation X-; Citation XLS+; CJ1+; CJ2+; CJ3; CJ3+; CJ4; Clairity; CLAW; Commando; Corvalis; Cushman; DataScout; Dixie Chopper; Eclipse; Excel; Extreme; Extreme Ti-METAL; E-Z-GO; Fury; GTS-1930 Saber, G3 Tugger; GatorEye; Gator Grips; GLOBAL MISSION SUPPORT; Grand Caravan; Greenlee; H-1; HDE; Hawker; Huey; Huey II; iCommand; IE2; Instinct; Integrated Command Suite; Jacobsen; Jet Ranger X; Kautex; King Air; King Air C90GTx; King Air

counsel of Siemens AG for the Americas since 2008. Prior to joining Siemens in 1992, Mr. Lupone was vice president and general counsel of Price Communications Corporation.

Available Information

We make available free of charge on our Internet Web site (www.textron.com) our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

Forward-Looking Information

Certain statements in this Annual Report on Form 10-K and other oral and written statements made by us from time to time are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements, which may describe strategies, goals, outlook or other non-historical matters, or project revenues, income, returns or other financial measures, often include words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “guidance,” “project,” “target,” “potential,” “will,” “should,” “could,” “likely” or “may” and similar expressions intended to identify forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors that may cause our actual results to differ materially from those expressed or implied by such forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update or revise any forward-looking statements. In addition to those factors described herein under “RISK FACTORS,” among the factors that could cause actual results to differ materially from past and projected future results are the following:

- Interruptions in the U.S. Government’s ability to fund its activities and/or pay its obligations;
- Changing priorities or reductions in the U.S. Government defense budget, including those related to military operations in foreign countries;
- Our ability to perform as anticipated and to control costs under contracts with the U.S. Government;
- The U.S. Government’s ability to unilaterally modify or terminate its contracts with us for the U.S. Government’s convenience or for our failure to perform, to change applicable procurement and accounting policies, or, under certain circumstances, to withhold payment or suspend or debar us as a contractor eligible to receive future contract awards;
- Changes in foreign military funding priorities or budget constraints and determinations, or changes in government regulations or policies on the export and import of military and commercial products;
- Volatility in the global economy or changes in worldwide political conditions that adversely impact demand for our products;
- Volatility in interest rates or foreign exchange rates;
- Risks related to our international business, including establishing and maintaining facilities in locations around the world and relying on joint venture partners, subcontractors, suppliers, representatives, consultants and other business partners in connection with international business, including in emerging market countries;
- Our Finance segment’s ability to maintain portfolio credit quality or to realize full value of receivables;
- Performance issues with key suppliers or subcontractors;
- Legislative or regulatory actions, both domestic and foreign, impacting our operations or demand for our products;
- Our ability to control costs and successfully implement various cost-reduction activities;
- The efficacy of research and development investments to develop new products or unanticipated expenses in connection with the launching of significant new products or programs;
- The timing of our new product launches or certifications of our new aircraft products;
- Our ability to keep pace with our competitors in the introduction of new products and upgrades with features and technologies desired by our customers;
- Pension plan assumptions and future contributions;
- Continued demand softness or volatility in the markets in which we do business;
- Difficulty or unanticipated expenses in connection with integrating acquired businesses; and
- The risk that anticipated synergies and opportunities as a result of acquisitions will not be realized or the risk that acquisitions do not perform as planned, including, for example, the risk that acquired businesses will not achieve revenue and profit projections.

associated materials. A number of our U.S. Government contracts contain provisions that require us to make disclosure to the Inspector General of the agency that is our customer if we have credible evidence that we have violated U.S. criminal laws involving fraud, conflict of interest, or bribery; the U.S. civil False Claims Act; or received a significant overpayment under a U.S. Government contract. Failure to properly and timely make disclosures under these provisions may result in a termination for default or cause, suspension and/or debarment, and potential fines.

As a U.S. Government contractor, our businesses and systems are subject to audit and review by the Defense Contract Audit Agency (DCAA) and the Defense Contract Management Agency (DCMA).

We operate in a highly regulated environment and are routinely audited and reviewed by the U.S. Government and its agencies such as DCAA and DCMA. These agencies review our performance under contracts, our cost structure and our compliance with laws and regulations applicable to U.S. Government contractors. The systems that are subject to review include, but are not limited to, our accounting, estimating, material management and accounting, earned value management, purchasing and government property systems. If an audit uncovers improper or illegal activities we may be subject to civil and criminal penalties and administrative sanctions that may include the termination of our contracts, forfeiture of profits, suspension of payments, fines, and, under certain circumstances, suspension or debarment from future contracts for a period of time. Whether or not illegal activities are alleged, the U.S. Government also has the ability to decrease or withhold certain payments when it deems systems subject to its review to be inadequate. These laws and regulations affect how we conduct business with our government customers and, in some instances, impose added costs on our business.

Cost overruns on U.S. Government contracts could subject us to losses or adversely affect our future business.

Under fixed-price contracts, as a general rule, we receive a fixed price irrespective of the actual costs we incur, and, consequently, any costs in excess of the fixed price are absorbed by us. Changes in underlying assumptions, circumstances or estimates used in developing the pricing for such contracts may adversely affect our results of operations. Additionally, U.S. Government procurement policies increasingly favor fixed-price incentive-based fee arrangements rather than traditional fixed-price contracts; these fee arrangements could negatively impact our profitability. Other current U.S. Government policies could negatively impact our working capital and cash flow. For example, the government has expressed a preference for requiring progress payments rather than performance based payments on new fixed-price contracts, which if implemented, delays our ability to recover a significant amount of costs incurred on a contract and thus affects the timing of our cash flows. Under time and materials contracts, we are paid for labor at negotiated hourly billing rates and for certain expenses. Under cost-reimbursement contracts that are subject to a contract-ceiling amount, we are reimbursed for allowable costs and paid a fee, which may be fixed or performance based, however, if our costs exceed the contract ceiling or are not allowable under the provisions of the contract or applicable regulations, we may not be able to obtain reimbursement for all such costs. Under each type of contract, if we are unable to control costs incurred in performing under the contract, our cash flows, results of operations and financial condition could be adversely affected. Cost overruns also may adversely affect our ability to sustain existing programs and obtain future contract awards.

Demand for our aircraft products is cyclical and could adversely affect our financial results.

Demand for business jets, turbo props and commercial helicopters has been cyclical and difficult to forecast. Therefore, future demand for these products could be significantly and unexpectedly less than anticipated and/or less than previous period deliveries. Similarly, there is uncertainty as to when or whether our existing commercial backlog for aircraft products will convert to revenues as the conversion depends on production capacity, customer needs and credit availability. Changes in economic conditions may cause customers to request that firm orders be rescheduled or cancelled. Reduced demand for our aircraft products or delays or cancellations of orders could result in a material adverse effect on our cash flows, results of operations and financial condition.

We may make acquisitions that increase the risks of our business.

We may enter into acquisitions in an effort to expand our business and enhance shareholder value. Acquisitions involve risks and uncertainties that could result in our not achieving expected benefits. Such risks include difficulties in integrating newly acquired businesses and operations in an efficient and cost-effective manner; challenges in achieving expected strategic objectives, cost savings and other benefits; the risk that the acquired businesses' markets do not evolve as anticipated and that the acquired businesses' products and technologies do not prove to be those needed to be successful in those markets; the risk that our due diligence reviews of the acquired business do not identify or adequately assess all of the material issues which impact valuation of the business or that may result in costs or liabilities in excess of what we anticipated; the risk that we pay a purchase price that exceeds what the future results of operations would have merited; the risk that the acquired business may have significant internal control deficiencies or exposure to regulatory sanctions; and the potential loss of key customers, suppliers and employees of the acquired businesses. In addition, unanticipated delays or difficulties in effecting acquisitions may prevent the consummation of the acquisition or divert the attention of our management and resources from our existing operations.

If our Finance segment is unable to maintain portfolio credit quality, our financial performance could be adversely affected.

A key determinant of the financial performance of our Finance segment is the quality of loans, leases and other assets in its portfolio. Portfolio quality may be adversely affected by several factors, including finance receivable underwriting procedures.

protect the intellectual property developed through these efforts. Likewise, new products and technologies could generate unanticipated safety or other concerns resulting in expanded product liability risks, potential product recalls and other regulatory issues that could have an adverse impact on us. Furthermore, because of the lengthy research and development cycle involved in bringing certain of our products to market, we cannot predict the economic conditions that will exist when any new product is complete. A reduction in capital spending in the aerospace or defense industries could have a significant effect on the demand for new products and technologies under development, which could have an adverse effect on our financial condition and results of operations. In addition, the market for our product offerings may not develop or continue to expand as we currently anticipate. Furthermore, we cannot be sure that our competitors will not develop competing technologies which gain superior market acceptance compared to our products. A significant failure in our new product development efforts or the failure of our products or services to achieve market acceptance relative to our competitors' products or services could have an adverse effect on our financial condition and results of operations.

We are subject to the risks of doing business in foreign countries.

Conducting business internationally, including U.S. exports, exposes us to additional risks than if we conducted our business solely within the U.S. We maintain manufacturing facilities, service centers, supply centers and other facilities worldwide, including in various emerging market countries. We also have entered into, and expect to continue to enter into, joint venture arrangements in emerging market countries, some of which may require capital investment, guaranties or other commitments. We expect that our international business and our investment in emerging market countries will continue to increase. Risks related to international operations include import, export and other trade restrictions; changing U.S. and foreign procurement policies and practices; restrictions on technology transfer; difficulties in protecting intellectual property; increasing complexity of employment and environmental, health and safety regulations; foreign investment laws; exchange controls; repatriation of earnings or cash settlement challenges, competition from foreign and multinational firms with home country advantages; economic and government instability, acts of terrorism and related safety concerns. The impact of any one or more of these or other factors could adversely affect our business, financial condition or operating results.

Additionally, some international government customers require contractors to agree to specific in-country purchases, manufacturing agreements or financial support arrangements, known as offsets, as a condition for a contract award. The contracts generally extend over several years and may include penalties if we fail to perform in accordance with the offset requirements which are typically subjective. We also are exposed to risks associated with using foreign representatives and consultants for international sales and operations and teaming with international subcontractors and suppliers in connection with international programs. In many foreign countries, particularly in those with developing economies, it is common to engage in business practices that are prohibited by laws and regulations applicable to us, such as the Foreign Corrupt Practices Act. Although we maintain policies and procedures designed to facilitate compliance with these laws, a violation of such laws by any of our international representatives, consultants, joint ventures, business partners, subcontractors or suppliers, even if prohibited by our policies, could have an adverse effect on our business and reputation.

We are subject to increasing compliance risks that could adversely affect our operating results.

As a global business, we are subject to laws and regulations in the U.S. and other countries in which we operate. Our increased focus on international sales and global operations requires importing and exporting goods and technology, some of which have military applications subjecting them to more stringent import-export controls across international borders on a regular basis. For example, we sometimes initially must obtain licenses and authorizations from various U.S. Government agencies before we are permitted to sell certain of our aerospace and defense products outside the U.S. Both U.S. and foreign laws and regulations applicable to us have been increasing in scope and complexity. For example, both U.S. and foreign governments and government agencies regulate the aviation industry, and they may impose new regulations with additional aircraft security or other requirements or restrictions, including, for example, restrictions and/or fees related to carbon emissions levels. Changes in environmental laws and regulations, including those enacted in response to climate change concerns and other actions known as "green initiatives," could lead to the necessity for new or additional investment in product designs or manufacturing processes and could increase environmental compliance expenditures, including costs to defend regulatory reviews. New or changing laws and regulations or related interpretation and policies could increase our costs of doing business, affect how we conduct our operations, adversely impact demand for our products, and/or limit our ability to sell our products and services. Compliance with laws and regulations of increasing scope and complexity is even more challenging in our current business environment in which reducing our operating costs is often necessary to remain competitive. In addition, a violation of U.S. and/or foreign laws by one of our employees or business partners could subject us or our employees to civil or criminal penalties, including material monetary fines, or other adverse actions, such as denial of import or export privileges and/or debarment as a government contractor which could damage our reputation and have an adverse effect on our business.

We are subject to legal proceedings and other claims.

We are subject to legal proceedings and other claims arising out of the conduct of our business, including proceedings and claims relating to commercial and financial transactions; government contracts; alleged lack of compliance with applicable laws and

jurisdictions. Accordingly, fluctuations in foreign currency rates could adversely affect our profitability in future periods. We monitor and manage these exposures as an integral part of our overall risk management program. In some cases, we purchase derivatives or enter into contracts to insulate our results of operations from these fluctuations. Nevertheless, changes in currency exchange rates, raw material prices and interest rates can have substantial adverse effects on our results of operations.

We may be unable to effectively mitigate pricing pressures.

In some markets, particularly where we deliver component products and services to OEMs, we face ongoing customer demands for price reductions, which sometimes are contractually obligated. However, if we are unable to effectively mitigate future pricing pressures through technological advances or by lowering our cost base through improved operating and supply chain efficiencies, our results of operations could be adversely affected.

Unanticipated changes in our tax rates or exposure to additional income tax liabilities could affect our profitability.

We are subject to income taxes in both the U.S. and various non-U.S. jurisdictions, and our domestic and international tax liabilities are subject to the allocation of income among these different jurisdictions. Our effective tax rate could be adversely affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes to unrecognized tax benefits or changes in tax laws, which could affect our profitability. In particular, the carrying value of deferred tax assets is dependent on our ability to generate future taxable income, as well as changes to applicable statutory tax rates. In addition, the amount of income taxes we pay is subject to audits in various jurisdictions, and a material assessment by a tax authority could affect our profitability.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

On January 3, 2015, we operated a total of 56 plants located throughout the U.S. and 54 plants outside the U.S. We own 59 plants and lease the remainder for a total manufacturing space of approximately 23.4 million square feet. We consider the productive capacity of the plants operated by each of our business segments to be adequate. We also own or lease offices, warehouses, service centers and other space at various locations. In general, our facilities are in good condition, are considered to be adequate for the uses to which they are being put and are substantially in regular use.

Item 3. Legal Proceedings

On October 7, 2014, the Federal Aviation Administration of the U.S. Department of Transportation (DOT) issued a Notice of Proposed Civil Penalty to McCauley Propeller Systems, a Division of Cessna Aircraft Company, for alleged violations of DOT's hazardous materials shipment regulations in connection with the shipment of resin product by air from McCauley's Columbus, GA facility. The DOT has proposed a civil penalty of \$238,000, and Cessna Aircraft Company is currently negotiating the disposition of the matter.

We also are subject to actual and threatened legal proceedings and other claims arising out of the conduct of our business, including proceedings and claims relating to commercial and financial transactions; government contracts; alleged lack of compliance with applicable laws and regulations; production partners; product liability; patent and trademark infringement; employment disputes; and environmental, health and safety matters. Some of these legal proceedings and claims seek damages, fines or penalties in substantial amounts or remediation of environmental contamination. As a government contractor, we are subject to audits, reviews and investigations to determine whether our operations are being conducted in accordance with applicable regulatory requirements. Under federal government procurement regulations, certain claims brought by the U.S. Government could result in our suspension or debarment from U.S. Government contracting for a period of time. On the basis of information presently available, we do not believe that existing proceedings and claims will have a material effect on our financial position or results of operations.

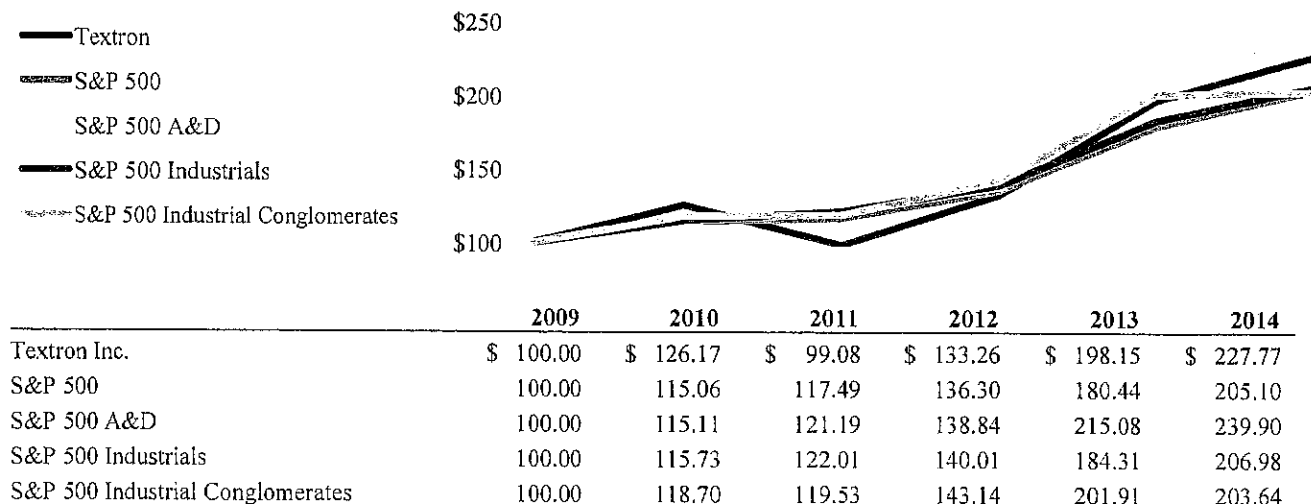
Item 4. Mine Safety Disclosures

Not applicable.

Stock Performance Graph

The following graph compares the total return on a cumulative basis at the end of each year of \$100 invested in our common stock on December 31, 2009 with the Standard & Poor's (S&P) 500 Stock Index, the S&P 500 Aerospace & Defense (A&D) Index and the S&P 500 Industrials Index, all of which include Textron. The values calculated assume dividend reinvestment.

In 2014, we changed from the S&P Industrial Conglomerates Index to the S&P 500 Industrials Index, which we believe is a better comparator for the performance of our business. We have provided the S&P Industrial Conglomerates Index in the graph below for comparison purposes only.



Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview and Consolidated Results of Operations

Our revenues increased 15% in 2014 reflecting the success of our strategy of investing in new products and complementary acquisitions. Several highlights of the year include the following:

- Invested \$694 million in research and development activities demonstrating our continued commitment to expand our current product lines across our businesses.
- Invested \$1.6 billion in strategic acquisitions along with \$429 million in capital expenditures.
- Delivered strong cash flow performance as manufacturing operating cash flows from continuing operations increased 67% to \$1.1 billion.
- Grew segment profit by 26% to \$1.2 billion.
- Raised diluted earnings per share from continuing operations by 23%.

On March 14, 2014, we completed the acquisition of Beech Holdings, LLC, which included Beechcraft Corporation and other subsidiaries, (collectively "Beechcraft"); this business and the legacy Cessna segment were combined to form a new segment named Textron Aviation. We also made seven acquisitions in the Industrial and Textron Systems segments, which complemented our products and services. The results of these acquisitions are included in Textron's consolidated financial statements only for the period subsequent to the completion of each acquisition and do not reflect a full year of operations.

An analysis of our consolidated operating results is set forth below. A more detailed analysis of our segments' operating results is provided in the Segment Analysis section on pages 21 to 28.

Revenues

<i>(Dollars in millions)</i>	2014	2013	2012
Revenues	\$ 13,878	\$ 12,104	\$ 12,237
% change compared with prior period	15%	(1)%	

Revenues increased \$1.8 billion, 15%, in 2014, compared with 2013, as increases in the Textron Aviation and Industrial segments were partially offset by lower revenues in the Bell, Textron Systems and Finance segments. The net revenue increase included the following factors:

- Higher Textron Aviation revenues of \$1.8 billion, primarily due to a \$1.5 billion impact from the Beechcraft acquisition and a \$263 million increase in volume, largely related to Citation jets.
- Higher Industrial segment revenues of \$326 million, primarily due to \$181 million in higher volume, largely in the Fuel Systems and Functional Components product line, and a \$142 million impact from acquisitions.
- Lower Bell revenues of \$266 million, largely due to a \$183 million decrease in commercial revenues reflecting lower sales activity across the commercial helicopter market, and \$99 million in lower other military volume, largely related to the H-1 program reflecting lower aircraft deliveries and production support.
- Lower Textron Systems revenues of \$41 million, primarily due to lower volume of \$233 million in the Marine and Land Systems product line, reflecting lower vehicle deliveries, partially offset by higher volume of \$130 million in the Unmanned Systems product line and a \$62 million impact from acquisitions.
- Lower Finance revenues of \$29 million, primarily attributable to gains on the disposition of finance receivables held for sale during 2013.

Revenues decreased \$133 million, 1%, in 2013, compared with 2012, as decreases in the Textron Aviation, Finance and Textron Systems segments were partially offset by higher revenues in the Bell and Industrial segments. The net revenue decrease included the following factors:

- Lower Textron Aviation revenues of \$327 million, primarily due to lower Citation jet volume of \$384 million and CitationAir volume of \$114 million, partially offset by higher aftermarket volume of \$65 million and higher pre-owned aircraft volume of \$53 million.

Interest Expense

<i>(Dollars in millions)</i>	2014	2013	2012
Interest expense	\$ 191	\$ 173	\$ 212
% change compared with prior period	10%	(18)%	

Interest expense on the Consolidated Statement of Operations includes interest for both the Manufacturing and Finance borrowing groups with interest related to intercompany borrowings eliminated. Consolidated interest expense increased \$18 million, 10%, in 2014, compared with 2013, primarily due to a \$31 million impact related to financing the Beechcraft acquisition, partially offset by \$9 million of lower interest expense due to the maturity of our convertible notes in the second quarter of 2013. In 2013, consolidated interest expense decreased \$39 million, 18%, compared with 2012, primarily due to lower average debt outstanding.

Income Tax Expense

Our effective tax rate was 29.1% in 2014, 26.1% in 2013 and 30.9% in 2012. This rate generally differs from the U.S. federal statutory tax rate of 35% due to certain earnings from operations in lower-tax jurisdictions throughout the world, as well as the research credit. The jurisdictions with favorable tax rates that have the most significant effective tax rate impact in the periods presented include Canada, Germany, Belgium and China. We have not provided for U.S. taxes for those earnings because we plan to reinvest all of those earnings indefinitely outside of the U.S.

In 2013, our effective tax rate was reduced by approximately 4.0% due to the tax benefit recognized upon the retroactive reinstatement and extension of the Federal Research and Development Tax Credit for the period from January 1, 2012 to December 31, 2013. In 2014, this credit was extended through the end of 2014, resulting in a 1.5% reduction in our effective tax rate.

For a full reconciliation of our effective tax rate to the U.S. federal statutory tax rate of 35% see Note 12 to the Consolidated Financial Statements.

Segment Analysis

We operate in, and report financial information for, the following five business segments: Textron Aviation, which consists of the legacy Cessna segment combined with the recently-acquired Beechcraft business, Bell, Textron Systems, Industrial and Finance. Segment profit is an important measure used for evaluating performance and for decision-making purposes. Segment profit for the manufacturing segments excludes interest expense, certain corporate expenses and acquisition and restructuring costs related to the Beechcraft acquisition. The measurement for the Finance segment includes interest income and expense along with intercompany interest income and expense.

In our discussion of comparative results for the Manufacturing group, changes in revenues and segment profit typically are expressed for our commercial business in terms of volume, pricing, foreign exchange and acquisitions. Additionally, changes in segment profit may be expressed in terms of mix, inflation and cost performance. Volume changes in revenues represent increases/decreases in the number of units delivered or services provided. Pricing represents changes in unit pricing. Foreign exchange is the change resulting from translating foreign-denominated amounts into U.S. dollars at exchange rates that are different from the prior period. Acquisitions refers to the revenues generated from businesses that were acquired within the previous 12 months. For segment profit, mix represents a change due to the composition of products and/or services sold at different profit margins. Inflation represents higher material, wages, benefits, pension or other costs. Performance reflects an increase or decrease in research and development, depreciation, selling and administrative costs, warranty, product liability, quality/scrap, labor efficiency, overhead, product line profitability, start-up, ramp up and cost-reduction initiatives or other manufacturing inputs.

Approximately 28% of our 2014 revenues were derived from contracts with the U.S. Government. For our segments that have significant contracts with the U.S. Government, we typically express changes in segment profit related to the government business in terms of volume, changes in program performance or changes in contract mix. Changes in volume that are discussed in net sales typically drive corresponding changes in our segment profit based on the profit rate for a particular contract. Changes in program performance typically relate to profit recognition associated with revisions to total estimated costs at completion that reflect improved or deteriorated operating performance or award fee rates. Changes in contract mix refers to changes in operating margin due to a change in the relative volume of contracts with higher or lower fee rates such that the overall average margin rate for the segment changes.

Textron Aviation Segment Profit (Loss)

Factors contributing to 2014 year-over-year segment profit (loss) change are provided below:

<i>(In millions)</i>	2014 versus 2013
Performance and other	\$ 117
Volume	89
Pricing and inflation	48
2013 Voluntary Separation Program	28
Total change	\$ 282

Textron Aviation segment profit increased \$282 million in 2014, compared with 2013, primarily due to an increase in Performance and other, higher volume as described above, favorable pricing and inflation and \$28 million in severance costs incurred in 2013. During the second quarter of 2014, the cost structures of Beechcraft and Cessna were significantly integrated, and as a result, Performance and other reflects the net profit impact of Beechcraft, including the benefit of the integrated cost structure. Performance and other also includes amortization of \$63 million in 2014, related to fair value step-up adjustments of acquired inventories sold during the periods.

Factors contributing to 2013 year-over-year segment profit (loss) change are provided below:

<i>(In millions)</i>	2013 versus 2012
Volume	\$ (99)
Inflation, net of pricing	(21)
Other	(10)
Total change	\$ (130)

Textron Aviation's segment profit decreased \$130 million in 2013, compared with 2012, primarily due to a \$99 million impact from lower volume as described above and \$21 million in inflation, net of pricing, largely due to higher pension expense of \$17 million. Segment profit was also impacted by \$28 million in severance costs incurred in 2013, largely offset by a \$27 million charge from an unfavorable arbitration award incurred in 2012.

Textron Aviation Backlog

Textron Aviation's backlog increased \$347 million, 34%, in 2014 and decreased \$44 million, 4%, in 2013. The increase in 2014 included the Beechcraft acquisition.

Bell

<i>(Dollars in millions)</i>	2014	2013	2012	% Change	
				2014	2013
Revenues:					
V-22 program	\$ 1,771	\$ 1,755	\$ 1,611	1%	9%
Other military	860	959	940	(10)%	2%
Commercial	1,614	1,797	1,723	(10)%	4%
Total revenues	4,245	4,511	4,274	(6)%	6%
Operating expenses	3,716	3,938	3,635	(6)%	8%
Segment profit	529	573	639	(8)%	(10)%
Profit margin	12.5%	12.7%	15.0%		
Backlog	\$ 5,524	\$ 6,450	\$ 7,469	(14)%	(14)%

Bell's major U.S. Government programs at this time are the V-22 tiltrotor aircraft and the H-1 helicopter platforms, which are both in the production stage and represent a significant portion of Bell's revenues from the U.S. Government.

Bell Segment Profit

Factors contributing to 2014 year-over-year segment profit change are provided below:

<i>(In millions)</i>	2014 versus 2013
Volume and Mix	\$ (72)
Performance	23
Other	5
Total change	\$ (44)

Bell's segment profit decreased \$44 million, 8%, in 2014, compared with 2013. The impact of volume and mix was largely driven by lower commercial volume and an unfavorable mix of commercial aircraft deliveries, partially offset by a \$16 million favorable program profit adjustment related to the ARH program described above. Favorable performance primarily reflected our cost reduction activities in 2014 as well as unfavorable performance in 2013 as described above.

Factors contributing to 2013 year-over-year segment profit change are provided below:

<i>(In millions)</i>	2013 versus 2012
Performance	\$ (68)
Volume and mix	(10)
Other	12
Total change	\$ (66)

Bell's segment profit decreased \$66 million, 10%, in 2013, respectively, compared with 2012, primarily due to unfavorable performance as described above. Segment profit was also impacted by an unfavorable mix of commercial aircraft deliveries.

Bell Backlog

Backlog decreased \$926 million, 14%, at Bell during 2014, primarily due to V-22 aircraft deliveries, in excess of orders. In 2013, Bell's backlog decreased \$1.0 billion, 14%, primarily due to deliveries on the V-22 and H-1 programs that exceeded orders.

Textron Systems

<i>(Dollars in millions)</i>	2014	2013	2012	% Change	
				2014	2013
Revenues	\$ 1,624	\$ 1,665	\$ 1,737	(2)%	(4)%
Operating expenses	1,474	1,518	1,605	(3)%	(5)%
Segment profit	150	147	132	2%	11%
Profit margin	9.2%	8.8%	7.6%		
Backlog	\$ 2,790	\$ 2,803	\$ 2,919	—	(4)%

Textron Systems Revenues and Operating Expenses

Factors contributing to the 2014 year-over-year revenue change are provided below:

<i>(In millions)</i>	2014 versus 2013
Volume	\$ (106)
Acquisitions	62
Other	3
Total change	\$ (41)

Revenues at Textron Systems decreased \$41 million, 2%, in 2014, compared with 2013, primarily due to lower volume in the Marine and Land Systems product line of \$233 million, reflecting fewer vehicle deliveries, partially offset by higher volume in the Unmanned Systems product line of \$130 million and a \$62 million impact largely related to the acquisition of two flight simulation and training businesses in December 2013.

Industrial

(Dollars in millions)	2014	2013	2012	% Change	
				2014	2013
Revenues:					
Fuel Systems and Functional Components	\$ 1,975	\$ 1,853	\$ 1,842	7%	1%
Other Industrial	1,363	1,159	1,058	18%	10%
Total revenues	3,338	3,012	2,900	11%	4%
Operating expenses	3,058	2,770	2,685	10%	3%
Segment profit	280	242	215	16%	13%
Profit margin	8.4%	8.0%	7.4%		

Industrial Revenues and Operating Expenses

Factors contributing to the 2014 year-over-year revenue change are provided below:

(In millions)	2014 versus 2013
Volume	\$ 181
Acquisitions	142
Other	3
Total change	\$ 326

Industrial segment revenues increased \$326 million, 11%, in 2014, compared with 2013, primarily due to higher volume of \$181 million and the impact from acquisitions of \$142 million, primarily within our Specialized Vehicles and Equipment product line. Higher volume resulted from a \$142 million increase in the Fuel Systems and Functional Components product line, principally reflecting automotive industry demand in North America and Europe, and a \$39 million increase in the Other Industrial product lines.

Operating expenses for the Industrial segment increased \$288 million, 10%, in 2014, compared with 2013, largely due to the impact from higher volume as described above and additional operating expenses from recently acquired businesses.

Factors contributing to the 2013 year-over-year revenue change are provided below:

(In millions)	2013 versus 2012
Volume	\$ 58
Acquisitions	46
Other	8
Total change	\$ 112

Industrial segment revenues increased \$112 million, 4%, in 2013, compared with 2012, largely due to higher volume of \$58 million and the impact from acquisitions of \$46 million within our Tools and Test Equipment product line. Higher volume resulted from a \$32 million increase in the Other Industrial product lines, mostly due to higher market demand in the Specialized Vehicles and Equipment product line, and a \$26 million increase in the Fuel Systems and Functional Components line, reflecting higher automotive industry demand in North America.

Operating expenses for the Industrial segment increased \$85 million, 3%, in 2013, compared with 2012, largely due to higher volume and a \$43 million impact from acquisitions. Operating expenses were also impacted by improved performance of \$27 million associated with the Fuel Systems and Functional Components product line, which was partially offset by \$16 million of inflation in this product line, reflecting higher compensation and material costs.

Industrial Segment Profit

Factors contributing to 2014 year-over-year segment profit change are provided below:

(In millions)	2014 versus 2013
Volume and mix	\$ 20
Performance	15
Other	3
Total change	\$ 38

Liquidity and Capital Resources

Our financings are conducted through two separate borrowing groups. The Manufacturing group consists of Textron consolidated with its majority-owned subsidiaries that operate in the Textron Aviation, Bell, Textron Systems and Industrial segments. The Finance group, which also is the Finance segment, consists of Textron Financial Corporation and its consolidated subsidiaries. We designed this framework to enhance our borrowing power by separating the Finance group. Our Manufacturing group operations include the development, production and delivery of tangible goods and services, while our Finance group provides financial services. Due to the fundamental differences between each borrowing group's activities, investors, rating agencies and analysts use different measures to evaluate each group's performance. To support those evaluations, we present balance sheet and cash flow information for each borrowing group within the Consolidated Financial Statements.

Key information that is utilized in assessing our liquidity is summarized below:

<i>(Dollars in millions)</i>	January 3, 2015	December 28, 2013
Manufacturing group		
Cash and equivalents	\$ 731	\$ 1,163
Debt	2,811	1,931
Shareholders' equity	4,272	4,384
Capital (debt plus shareholders' equity)	7,083	6,315
Net debt (net of cash and equivalents) to capital	33%	15%
Debt to capital	40%	31%
Finance group		
Cash and equivalents	\$ 91	\$ 48
Debt	1,063	1,256

We believe that our calculations of debt to capital and net debt to capital are useful measures as they provide a summary indication of the level of debt financing (i.e., leverage) that is in place to support our capital structure, as well as to provide an indication of the capacity to add further leverage. We believe that we will have sufficient cash to meet our future needs, based on our existing cash balances, the cash we expect to generate from our manufacturing operations and other available funding alternatives, as appropriate.

Textron has a senior unsecured revolving credit facility that expires in October 2018 for an aggregate principal amount of \$1.0 billion, of which up to \$100 million is available for the issuance of letters of credit. At January 3, 2015, there were no amounts borrowed against the facility, and there were \$35 million of letters of credits issued against it.

We maintain an effective shelf registration statement filed with the Securities and Exchange Commission that authorizes us to issue an unlimited amount of public debt and other securities. Under this shelf registration statement, in January 2014, we issued \$250 million of 3.65% notes due 2021 and \$350 million of 4.30% notes due 2024. We also entered into a five-year term loan agreement with a syndicate of banks in the principal amount of \$500 million. Upon the closing of the Beechcraft acquisition on March 14, 2014, we fully drew down on the five-year term loan and used the cash, along with the net proceeds of the notes issued, to finance a portion of the acquisition. The balance of the Beechcraft acquisition purchase price was paid from cash on hand. During the third quarter of 2014, we repaid \$200 million of the five-year term loan. Also under the shelf registration statement, in November 2014, we issued \$350 million of 3.875% notes due 2025. Subsequently, prior to year-end, we prepaid \$350 million of 6.2% notes which were due in March 2015.

Manufacturing Group Cash Flows

Cash flows from continuing operations for the Manufacturing group as presented in our Consolidated Statement of Cash Flows are summarized below:

<i>(In millions)</i>	2014	2013	2012
Operating activities	\$ 1,097	\$ 658	\$ 958
Investing activities	(2,065)	(624)	(476)
Financing activities	552	(240)	29

Cash flows from operating activities increased \$439 million during 2014, compared with 2013, largely due to a favorable change in working capital, higher income from continuing operations of \$120 million and lower contributions of \$118 million to our pension plans, partially offset by \$175 million of dividends received from the Finance group in 2013. Working capital was

Finance Group Cash Flows

The cash flows from continuing operations for the Finance group are summarized below:

<i>(In millions)</i>	2014	2013	2012
Operating activities	\$ 5	\$ 66	\$ 5
Investing activities	255	624	934
Financing activities	(217)	(677)	(918)

In 2014 and 2013, the Finance group's cash flows from operating activities were primarily impacted by changes in net taxes paid/received. Net tax (payments)/receipts were \$(23) million, \$49 million and \$(43) million in 2014, 2013 and 2012, respectively.

Cash flows from investing activities primarily included finance receivables repaid and proceeds from sales of receivables and other finance assets totaling \$499 million, \$853 million and \$1.3 billion in 2014, 2013 and 2012, respectively, partially offset by financial receivable originations of \$215 million, \$271 million and \$331 million, respectively.

Cash used in financing activities included payments on long-term and nonrecourse debt of \$345 million, \$743 million and \$426 million in 2014, 2013 and 2012, respectively, which were partially offset by proceeds from long-term debt of \$128 million, \$298 million and \$106 million, respectively. In 2013 and 2012, dividend payments to the Manufacturing group, net of capital contributions received, totaled \$174 million and \$105 million, respectively. In 2012, the Finance group also made cash payments of \$493 million to the Manufacturing group related to intergroup borrowings.

Consolidated Cash Flows

The consolidated cash flows from continuing operations, after elimination of activity between the borrowing groups, are summarized below:

<i>(In millions)</i>	2014	2013	2012
Operating activities	\$ 1,211	\$ 813	\$ 935
Investing activities	(1,919)	(264)	378
Financing activities	335	(742)	(781)

Cash flows from operating activities increased \$398 million during 2014, compared with 2013, largely due to a favorable change in working capital, lower contributions of \$118 million to our pension plans and higher income from continuing operations of \$107 million. Working capital was favorably impacted by an increase of \$226 million in customer deposits, primarily at Textron Aviation, and a \$174 million increase in cash from accounts receivable, largely at Bell, partially offset by an increase in net tax payments of \$115 million and lower net cash receipts from captive finance receivables of \$87 million. Net tax payments were \$289 million and \$174 million in 2014 and 2013, respectively.

During 2013, cash flows from operating activities decreased \$122 million, compared with 2012, largely due to a \$133 million impact related to working capital requirements and lower earnings, which were partially offset by a \$206 million impact of lower contributions to our pension plans in 2013. Significant changes within working capital included a \$138 million unfavorable impact resulting from net taxes paid between the periods as net tax payments were \$174 million and \$36 million in 2013 and 2012, respectively, and \$264 million of cash outflows related to changes in accounts receivable and accounts payable. These cash outflows were partially offset by \$198 million of cash inflows related to changes in inventory levels, largely at Textron Aviation, and a \$141 million impact from lower captive finance receivables.

In 2014, cash flows from investing activities included a \$1.6 billion aggregate cash payment for Beechcraft and seven other acquisitions within our Industrial and Textron Systems segments. Cash flows from investing activities in 2013 included \$196 million of cash used for acquisitions of businesses within our Industrial and Textron Systems segments and two service centers in our Textron Aviation segment. Cash flows from investing activities also included capital expenditures of \$429 million, \$444 million and \$480 million in 2014, 2013 and 2012, respectively. Collections on finance receivables and proceeds from sales of finance receivables and other finance assets totaled \$134 million, \$368 million, and \$848 million in 2014, 2013 and 2012.

Cash flows from financing activities in 2014 included proceeds of \$1.6 billion from long-term debt, most of which was used to finance a portion of the Beechcraft acquisition, partially offset by the repayment of \$904 million of outstanding debt. In 2013 and 2012, financing activities primarily consisted of the repayment of outstanding long-term debt of \$1.3 billion and \$617 million, respectively, partially offset by proceeds from the issuance of long-term debt of \$448 million and \$106 million, respectively. Cash used in financing activities also included \$340 million and \$272 million of share repurchases in 2014 and 2012, respectively.

Other Long-Term Liabilities

Other long-term liabilities included in the table consist primarily of undiscounted amounts in the Consolidated Balance Sheet as of January 3, 2015, representing obligations under deferred compensation arrangements and estimated environmental remediation costs. Payments under deferred compensation arrangements have been estimated based on management's assumptions of expected retirement age, mortality, stock price and rates of return on participant deferrals. The timing of cash flows associated with environmental remediation costs is largely based on historical experience. Other long-term liabilities, such as deferred taxes, unrecognized tax benefits and product liability, warranty and litigation reserves, have been excluded from the table due to the uncertainty of the timing of payments combined with the absence of historical trends to be used as a predictor for such payments.

Purchase Obligations

Purchase obligations include undiscounted amounts committed under legally enforceable contracts or purchase orders for goods and services with defined terms as to price, quantity and delivery dates. Approximately 33% of the purchase obligations we disclose represent purchase orders issued for goods and services to be delivered under firm contracts with the U.S. Government for which we have full recourse under customary contract termination clauses.

Finance Group

The following table summarizes the known contractual obligations, as defined by reporting regulations, of our Finance group as of January 3, 2015:

<i>(In millions)</i>	Payments Due by Period				
	Total	Year 1	Years 2-3	Years 4-5	More Than 5 Years
Liabilities reflected in balance sheet:					
Term debt	\$ 665	\$ 82	\$ 363	\$ 115	\$ 105
Subordinated debt	299	—	—	—	299
Securitized debt	98	46	35	9	8
Interest on borrowings	227	37	47	21	122
Total Finance group	\$ 1,289	\$ 165	\$ 445	\$ 145	\$ 534

Securitized debt payments do not represent contractual obligations of the Finance group, and we do not provide legal recourse to investors who purchase interests in the securitizations beyond the credit enhancement inherent in the retained subordinate interests.

At January 3, 2015, the Finance group also had \$33 million in other liabilities that are payable within the next 12 months.

Critical Accounting Estimates

To prepare our Consolidated Financial Statements to be in conformity with generally accepted accounting principles, we must make complex and subjective judgments in the selection and application of accounting policies. The accounting policies that we believe are most critical to the portrayal of our financial condition and results of operations are listed below. We believe these policies require our most difficult, subjective and complex judgments in estimating the effect of inherent uncertainties. This section should be read in conjunction with Note 1 to the Consolidated Financial Statements, which includes other significant accounting policies.

Long-Term Contracts

We make a substantial portion of our sales to government customers pursuant to long-term contracts. These contracts require development and delivery of products over multiple years and may contain fixed-price purchase options for additional products. We account for these long-term contracts under the percentage-of-completion method of accounting. Under this method, we estimate profit as the difference between total estimated revenues and cost of a contract. The percentage-of-completion method of accounting involves the use of various estimating techniques to project costs at completion and, in some cases, includes estimates of recoveries asserted against the customer for changes in specifications. Due to the size, length of time and nature of many of our contracts, the estimation of total contract costs and revenues through completion is complicated and subject to many variables relative to the outcome of future events over a period of several years. We are required to make numerous assumptions and estimates relating to items such as expected engineering requirements, complexity of design and related development costs, product performance, performance of subcontractors, availability and cost of materials, labor productivity and cost, overhead and capital costs, manufacturing efficiencies and the achievement of contract milestones, including product deliveries, technical requirements, or schedule.

Based on our annual impairment review, the fair value of all of our reporting units exceeded their carrying values, and we do not believe that there is a reasonable possibility that any units might fail the initial step of the impairment test in the foreseeable future.

Retirement Benefits

We maintain various pension and postretirement plans for our employees globally. These plans include significant pension and postretirement benefit obligations, which are calculated based on actuarial valuations. Key assumptions used in determining these obligations and related expenses include expected long-term rates of return on plan assets, discount rates and healthcare cost projections. We also make assumptions regarding employee demographic factors such as retirement patterns, mortality, turnover and rate of compensation increases. We evaluate and update these assumptions annually.

To determine the weighted-average expected long-term rate of return on plan assets, we consider the current and expected asset allocation, as well as historical and expected returns on each plan asset class. A lower expected rate of return on plan assets will increase pension expense. For 2014, the assumed expected long-term rate of return on plan assets used in calculating pension expense was 7.60%, compared with 7.56% in 2013. For the last three years, the assumed rate of return for our domestic plans, which represent approximately 90% of our total pension assets, was 7.75%. A 50-basis-point decrease in this long-term rate of return in 2014 would have increased pension expense for our domestic plans by approximately \$27 million.

The discount rate enables us to state expected future benefit payments as a present value on the measurement date, reflecting the current rate at which the pension liabilities could be effectively settled. This rate should be in line with rates for high-quality fixed income investments available for the period to maturity of the pension benefits, which fluctuate as long-term interest rates change. A lower discount rate increases the present value of the benefit obligations and increases pension expense. In 2014, the weighted-average discount rate used in calculating pension expense was 4.92%, compared with 4.23% in 2013. For our domestic plans, the assumed discount rate was 5.00% in 2014, compared with 4.25% for 2013. A 50-basis-point decrease in this discount rate in 2014 would have increased pension expense for our domestic plans by approximately \$29 million.

The trend in healthcare costs is difficult to estimate, and it has an important effect on postretirement liabilities. The 2014 medical and prescription drug healthcare cost trend rates represent the weighted-average annual projected rate of increase in the per capita cost of covered benefits. In 2014, we assumed a trend rate of 6.60% for both medical and prescription drug healthcare rates and assumed this rate would decrease to 5.00% by 2021 and then remain at that level. See Note 11 to the Consolidated Financial Statements for the impact of a one-percentage-point change in the cost trend rate.

Warranty and Product Maintenance Liabilities

We provide limited warranty and product maintenance programs, including parts and labor, for certain products for periods ranging from one to five years. A significant portion of these liabilities arises from our commercial aircraft businesses. We also may incur costs related to product recalls. We estimate the costs that may be incurred under warranty programs and record a liability in the amount of such costs at the time product revenue is recognized. Factors that affect this liability include the number of products sold, historical costs per claim, contractual recoveries from vendors, and historical and anticipated rates of warranty claims, including production and warranty patterns for new models. During our initial aircraft model launches, we typically incur higher warranty-related costs until the production process matures, at which point warranty costs moderate. We assess the adequacy of our recorded warranty and product maintenance liabilities periodically and adjust the amounts as necessary. Adjustments are made to accruals as claim data and actual experience warrant. Should future warranty experience differ materially from our historical experience, we may be required to record additional warranty liabilities, which could have a material adverse effect on our results of operations and cash flows in the period in which these additional liabilities are required.

Income Taxes

Deferred income tax balances reflect the effects of temporary differences between the financial reporting carrying amounts of assets and liabilities and their tax bases, as well as from net operating losses and tax credit carryforwards, and are stated at enacted tax rates in effect for the year taxes are expected to be paid or recovered. Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. We evaluate the recoverability of these future tax deductions and credits by assessing the adequacy of future expected taxable income from all sources, including the future reversal of existing taxable temporary differences, taxable income in carryback years, available tax planning strategies and estimated future taxable income.

The amount of income taxes we pay is subject to ongoing audits by federal, state and foreign tax authorities, which may result in proposed assessments. Our estimate of the potential outcome for any uncertain tax issue is highly judgmental. We assess our income tax positions and record tax benefits for all years subject to examination based upon our evaluation of the facts, circumstances and information available at the reporting date. For those tax positions for which it is more likely than not that a tax benefit will be sustained, we record the largest amount of tax benefit with a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. Interest and penalties are accrued, where

Item 8. Financial Statements and Supplementary Data

Our Consolidated Financial Statements and the related reports of our independent registered public accounting firm thereon are included in this Annual Report on Form 10-K on the pages indicated below:

	<u>Page</u>
Report of Management	38
Reports of Independent Registered Public Accounting Firm	39
Consolidated Statements of Operations for each of the years in the three-year period ended January 3, 2015	41
Consolidated Statements of Comprehensive Income for each of the years in the three-year period ended January 3, 2015	42
Consolidated Balance Sheets as of January 3, 2015 and December 28, 2013	43
Consolidated Statements of Shareholders' Equity for each of the years in the three-year period ended January 3, 2015	44
Consolidated Statements of Cash Flows for each of the years in the three-year period ended January 3, 2015	45
Notes to the Consolidated Financial Statements	
Note 1. Summary of Significant Accounting Policies	47
Note 2. Business Acquisitions, Goodwill and Intangible Assets	52
Note 3. Accounts Receivable and Finance Receivables	54
Note 4. Inventories	56
Note 5. Property, Plant and Equipment, Net	56
Note 6. Accrued Liabilities	57
Note 7. Debt and Credit Facilities	57
Note 8. Derivative Instruments and Fair Value Measurements	58
Note 9. Shareholders' Equity	59
Note 10. Share-Based Compensation	62
Note 11. Retirement Plans	64
Note 12. Income Taxes	68
Note 13. Contingencies and Commitments	71
Note 14. Supplemental Cash Flow Information	71
Note 15. Segment and Geographic Data	72
Supplementary Information:	
Quarterly Data for 2014 and 2013 (Unaudited)	74
Schedule II – Valuation and Qualifying Accounts	75

All other schedules are omitted either because they are not applicable or not required or because the required information is included in the financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Textron Inc.

We have audited Textron Inc.'s internal control over financial reporting as of January 3, 2015, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (the COSO criteria). Textron Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Textron Inc. maintained, in all material respects, effective internal control over financial reporting as of January 3, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Consolidated Balance Sheets of Textron Inc. as of January 3, 2015 and December 28, 2013, and the related Consolidated Statements of Operations, Comprehensive Income, Shareholders' Equity and Cash Flows for each of the three years in the period ended January 3, 2015 of Textron Inc. and our report dated February 25, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Boston, Massachusetts
February 25, 2015

Consolidated Statements of Operations

For each of the years in the three-year period ended January 3, 2015

<i>(In millions, except per share data)</i>	2014	2013	2012
Revenues			
Manufacturing revenues	\$ 13,775	\$ 11,972	\$ 12,022
Finance revenues	103	132	215
Total revenues	13,878	12,104	12,237
Costs and expenses			
Cost of sales	11,421	10,131	10,019
Selling and administrative expense	1,361	1,126	1,165
Interest expense	191	173	212
Acquisition and restructuring costs	52	—	—
Total costs and expenses	13,025	11,430	11,396
Income from continuing operations before income taxes	853	674	841
Income tax expense	248	176	260
Income from continuing operations	605	498	581
Income (loss) from discontinued operations, net of income taxes	(5)	—	8
Net income	\$ 600	\$ 498	\$ 589
Basic earnings per share			
Continuing operations	\$ 2.17	\$ 1.78	\$ 2.07
Discontinued operations	(0.02)	—	0.03
Basic earnings per share	\$ 2.15	\$ 1.78	\$ 2.10
Diluted earnings per share			
Continuing operations	\$ 2.15	\$ 1.75	\$ 1.97
Discontinued operations	(0.02)	—	0.03
Diluted earnings per share	\$ 2.13	\$ 1.75	\$ 2.00

See Notes to the Consolidated Financial Statements.

Consolidated Balance Sheets

	January 3, 2015	December 28, 2013
<i>(In millions, except share data)</i>		
Assets		
Manufacturing group		
Cash and equivalents	\$ 731	\$ 1,163
Accounts receivable, net	1,035	979
Inventories	3,928	2,963
Other current assets	579	467
Total current assets	6,273	5,572
Property, plant and equipment, net	2,497	2,215
Goodwill	2,027	1,735
Other assets	2,279	1,697
Total Manufacturing group assets	13,076	11,219
Finance group		
Cash and equivalents	91	48
Finance receivables, net	1,238	1,493
Other assets	200	184
Total Finance group assets	1,529	1,725
Total assets	\$ 14,605	\$ 12,944
Liabilities and shareholders' equity		
Liabilities		
Manufacturing group		
Current portion of long-term debt	\$ 8	\$ 8
Accounts payable	1,014	1,107
Accrued liabilities	2,616	1,888
Total current liabilities	3,638	3,003
Other liabilities	2,587	2,118
Long-term debt	2,803	1,923
Total Manufacturing group liabilities	9,028	7,044
Finance group		
Other liabilities	242	260
Debt	1,063	1,256
Total Finance group liabilities	1,305	1,516
Total liabilities	10,333	8,560
Shareholders' equity		
Common stock (285.5 million and 282.1 million shares issued, respectively, and 276.6 million and 282.1 million shares outstanding, respectively)	36	35
Capital surplus	1,459	1,331
Treasury stock	(340)	—
Retained earnings	4,623	4,045
Accumulated other comprehensive loss	(1,506)	(1,027)
Total shareholders' equity	4,272	4,384
Total liabilities and shareholders' equity	\$ 14,605	\$ 12,944

See Notes to the Consolidated Financial Statements.

Consolidated Statements of Cash Flows

For each of the years in the three-year period ended January 3, 2015

	Consolidated		
(In millions)	2014	2013	2012
Cash flows from operating activities			
Net income	\$ 600	\$ 498	\$ 589
Less: Income (loss) from discontinued operations	(5)	—	8
Income from continuing operations	605	498	581
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Non-cash items:			
Depreciation and amortization	459	389	383
Deferred income taxes	(19)	86	171
Other, net	100	61	86
Changes in assets and liabilities:			
Accounts receivable, net	56	(118)	32
Inventories	(209)	(118)	(316)
Other assets	(33)	(42)	7
Accounts payable	(228)	65	179
Accrued and other liabilities	311	(182)	(96)
Income taxes, net	(22)	(84)	52
Pension, net	46	17	(240)
Captive finance receivables, net	150	237	96
Other operating activities, net	(5)	4	—
Net cash provided by operating activities of continuing operations	1,211	813	935
Net cash used in operating activities of discontinued operations	(3)	(3)	(8)
Net cash provided by operating activities	1,208	810	927
Cash flows from investing activities			
Net cash used in acquisitions	(1,628)	(196)	(11)
Capital expenditures	(429)	(444)	(480)
Finance receivables repaid	91	190	599
Proceeds from sales of receivables and other finance assets	43	178	249
Other investing activities, net	4	8	21
Net cash provided by (used in) investing activities	(1,919)	(264)	378
Cash flows from financing activities			
Proceeds from long-term debt	1,567	448	106
Principal payments on long-term debt and nonrecourse debt	(904)	(1,056)	(615)
Settlement of convertible notes	—	(215)	(2)
Proceeds from settlement of capped call	—	75	—
Purchases of Textron common stock	(340)	—	(272)
Proceeds from exercise of stock options	50	31	19
Dividends paid	(28)	(22)	(17)
Other financing activities, net	(10)	(3)	—
Net cash provided by (used in) financing activities	335	(742)	(781)
Effect of exchange rate changes on cash and equivalents	(13)	(6)	4
Net increase (decrease) in cash and equivalents	(389)	(202)	528
Cash and equivalents at beginning of year	1,211	1,413	885
Cash and equivalents at end of year	\$ 822	\$ 1,211	\$ 1,413

See Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Principles of Consolidation and Financial Statement Presentation

Our Consolidated Financial Statements include the accounts of Textron Inc. and its majority-owned subsidiaries. On March 14, 2014, we completed the acquisition of all of the outstanding equity interests in Beech Holdings, LLC, which included Beechcraft Corporation and other subsidiaries, (collectively "Beechcraft"). The results of Beechcraft have been included in our consolidated financial statements only for the period subsequent to the completion of the acquisition. As a result, the consolidated financial results for the year ended January 3, 2015 do not reflect a full year of Beechcraft operations.

Our financings are conducted through two separate borrowing groups. The Manufacturing group consists of Textron Inc., consolidated with its majority-owned subsidiaries that operate in the Bell, Textron Systems, Industrial segments and the Textron Aviation segment, which includes the legacy Cessna segment and the acquired Beechcraft business. The Finance group, which also is the Finance segment, consists of Textron Financial Corporation (TFC) and its consolidated subsidiaries. We designed this framework to enhance our borrowing power by separating the Finance group. Our Manufacturing group operations include the development, production and delivery of tangible goods and services, while our Finance group provides financial services. Due to the fundamental differences between each borrowing group's activities, investors, rating agencies and analysts use different measures to evaluate each group's performance. To support those evaluations, we present balance sheet and cash flow information for each borrowing group within the Consolidated Financial Statements.

Our Finance group provides captive financing for retail purchases and leases for new and pre-owned aircraft manufactured by our Manufacturing group. In the Consolidated Statements of Cash Flows, cash received from customers or from the sale of receivables is reflected as operating activities when received from third parties. However, in the cash flow information provided for the separate borrowing groups, cash flows related to captive financing activities are reflected based on the operations of each group. For example, when product is sold by our Manufacturing group to a customer and is financed by the Finance group, the origination of the finance receivable is recorded within investing activities as a cash outflow in the Finance group's statement of cash flows. Meanwhile, in the Manufacturing group's statement of cash flows, the cash received from the Finance group on the customer's behalf is recorded within operating cash flows as a cash inflow. Although cash is transferred between the two borrowing groups, there is no cash transaction reported in the consolidated cash flows at the time of the original financing. These captive financing activities, along with all significant intercompany transactions, are reclassified or eliminated in consolidation.

Collaborative Arrangements

Our Bell segment has a strategic alliance agreement with The Boeing Company (Boeing) to provide engineering, development and test services related to the V-22 aircraft, as well as to produce the V-22 aircraft, under a number of separate contracts with the U.S. Government (V-22 Contracts). The alliance created by this agreement is not a legal entity and has no employees, no assets and no true operations. This agreement creates contractual rights and does not represent an entity in which we have an equity interest. We account for this alliance as a collaborative arrangement with Bell and Boeing reporting costs incurred and revenues generated from transactions with the U.S. Government in each company's respective income statement. Neither Bell nor Boeing is considered to be the principal participant for the transactions recorded under this agreement. Profits on cost-plus contracts are allocated between Bell and Boeing on a 50%-50% basis. Negotiated profits on fixed-price contracts are also allocated 50%-50%; however, Bell and Boeing are each responsible for their own cost overruns and are entitled to retain any cost underruns. Based on the contractual arrangement established under the alliance, Bell accounts for its rights and obligations under the specific requirements of the V-22 Contracts allocated to Bell under the work breakdown structure. We account for all of our rights and obligations, including warranty, product and any contingent liabilities, under the specific requirements of the V-22 Contracts allocated to us under the agreement. Revenues and cost of sales reflect our performance under the V-22 Contracts with revenues recognized using the units-of-delivery method. We include all assets used in performance of the V-22 Contracts that we own, including inventory and unpaid receivables and all liabilities arising from our obligations under the V-22 Contracts in our Consolidated Balance Sheets.

Use of Estimates

We prepare our financial statements in conformity with generally accepted accounting principles, which require us to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates. Our estimates and assumptions are reviewed periodically, and the effects of changes, if any, are reflected in the Consolidated Statements of Operations in the period that they are determined.

During 2014, 2013 and 2012, we changed our estimates of revenues and costs on certain long-term contracts that are accounted for under the percentage-of-completion method of accounting. These changes in estimates increased income from continuing operations before income taxes in 2014, 2013 and 2012 by \$95 million, \$29 million and \$15 million, respectively, (\$60 million,

actual production costs, including allocable operating overhead, advances to suppliers, and, in the case of contracts with the U.S. Government, allocable research and development and general and administrative expenses. Since our inventoried costs include amounts related to contracts with long production cycles, a portion of these costs is not expected to be realized within one year. Pursuant to contract provisions, agencies of the U.S. Government have title to, or security interest in, inventories related to such contracts as a result of advances, performance-based payments and progress payments. Such advances and payments are reflected as an offset against the related inventory balances. Customer deposits are recorded against inventory when the right of offset exists. All other customer deposits are recorded in accrued liabilities.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost and are depreciated primarily using the straight-line method. We capitalize expenditures for improvements that increase asset values and extend useful lives. Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the carrying value of the asset exceeds the sum of the undiscounted expected future cash flows, the asset generally is written down to fair value.

Goodwill and Intangible Assets

For our business acquisitions, we estimate the fair value of intangible assets primarily using discounted cash flow analysis of anticipated cash flows reflecting incremental revenues and/or cost savings resulting from the acquired intangible asset using market participant assumptions. Goodwill represents the excess of cost over the fair values assigned to intangible and other net assets of the acquired businesses. Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to annual impairment testing. We evaluate the recoverability of these assets in the fourth quarter of each year or more frequently if events or changes in circumstances, such as declines in sales, earnings or cash flows, or material adverse changes in the business climate, indicate a potential impairment.

For our annual impairment test, we calculate the fair value of each reporting unit and indefinite-lived intangible asset primarily using discounted cash flows. A reporting unit represents the operating segment unless discrete financial information is prepared and reviewed by segment management for businesses one level below that operating segment, in which case such component is the reporting unit. In certain instances, we have aggregated components of an operating segment into a single reporting unit based on similar economic characteristics. For the goodwill impairment test, the discounted cash flows incorporate assumptions for revenue growth, operating margins and discount rates that represent our best estimates of current and forecasted market conditions, cost structure, anticipated net cost reductions, and the implied rate of return that we believe a market participant would require for an investment in a business having similar risks and characteristics to the reporting unit being assessed. If the reporting unit's estimated fair value exceeds its carrying value, there is no impairment. Otherwise, the amount of the impairment is determined by comparing the carrying amount of the reporting unit's goodwill to the implied fair value of that goodwill. The implied fair value of goodwill is determined by assigning a fair value to all of the reporting unit's assets and liabilities as if the reporting unit had been acquired in a business combination. If the carrying amount of the goodwill exceeds the implied fair value, an impairment loss is recognized in an amount equal to that excess.

Acquired intangible assets with finite lives are subject to amortization. These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Amortization of intangible assets with finite lives is recognized over their estimated useful lives using a method of amortization that reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise realized. Approximately 76% of our gross intangible assets are amortized based on the cash flow streams used to value the assets, with the remaining assets amortized using the straight-line method.

Finance Receivables

Finance receivables primarily include loans provided to purchasers of new and pre-owned Textron Aviation aircraft and Bell helicopters. Finance receivables are generally recorded at the amount of outstanding principal less allowance for losses.

We maintain an allowance for losses on finance receivables at a level considered adequate to cover inherent losses in the portfolio based on management's evaluation. For larger balance accounts specifically identified as impaired, a reserve is established based on comparing the expected future cash flows, discounted at the finance receivable's effective interest rate, or the fair value of the underlying collateral if the finance receivable is collateral dependent, to its carrying amount. The expected future cash flows consider collateral value; financial performance and liquidity of our borrower; existence and financial strength of guarantors; estimated recovery costs, including legal expenses; and costs associated with the repossession and eventual disposal of collateral. When there is a range of potential outcomes, we perform multiple discounted cash flow analyses and weight the potential outcomes based on their relative likelihood of occurrence. The evaluation of our portfolio is inherently subjective, as it requires estimates, including the amount and timing of future cash flows expected to be received on impaired finance receivables and the estimated fair value of the underlying collateral, which may differ from actual results. While our analysis is specific to each

Warranty and Product Maintenance Liabilities

We provide limited warranty and product maintenance programs, including parts and labor, for certain products for periods ranging from one to five years. We estimate the costs that may be incurred under warranty programs and record a liability in the amount of such costs at the time product revenues are recognized. Factors that affect this liability include the number of products sold, historical costs per claim, contractual recoveries from vendors and historical and anticipated rates of warranty claims, including production and warranty patterns for new models. We assess the adequacy of our recorded warranty and product maintenance liabilities periodically and adjust the amounts as necessary. Additionally, we may establish warranty liabilities related to the issuance of aircraft service bulletins for aircraft no longer covered under the limited warranty programs.

Research and Development Costs

Our customer-funded research and development costs are charged directly to the related contracts, which primarily consist of U.S. Government contracts. In accordance with government regulations, we recover a portion of company-funded research and development costs through overhead rate charges on our U.S. Government contracts. Research and development costs that are not reimbursable under a contract with the U.S. Government or another customer are charged to expense as incurred. Company-funded research and development costs were \$694 million, \$651 million, and \$584 million in 2014, 2013 and 2012, respectively, and are included in cost of sales.

Income Taxes

Deferred income tax balances reflect the effects of temporary differences between the financial reporting carrying amounts of assets and liabilities and their tax bases, as well as from net operating losses and tax credit carryforwards, and are stated at enacted tax rates in effect for the year taxes are expected to be paid or recovered. Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. We evaluate the recoverability of these future tax deductions and credits by assessing the adequacy of future expected taxable income from all sources, including the future reversal of existing taxable temporary differences, taxable income in carryback years, available tax planning strategies and estimated future taxable income. We recognize net tax-related interest and penalties for continuing operations in income tax expense.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers," that outlines a comprehensive five-step revenue recognition model based on the principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption. This ASU is effective for our company at the beginning of fiscal 2017; early adoption is not permitted. We are currently evaluating the new guidance to determine the impact it is expected to have on our consolidated financial statements, along with the transition method we expect to utilize.

The unaudited supplemental pro-forma data included in the table below presents consolidated information as if our 2014 acquisitions had been completed on December 30, 2012. This pro-forma information should not be considered indicative of the results that would have occurred if the acquisitions and related financing had been consummated on December 30, 2012, nor are they necessarily indicative of future results as they do not reflect the potential realization of cost savings and synergies associated with the acquisitions.

<i>(In millions, except per share amounts)</i>	2014	2013
Revenues	\$ 14,240	\$ 13,956
Income from continuing operations, net of income taxes	689	482
Diluted earnings per share from continuing operations	\$ 2.45	\$ 1.69

Certain pro-forma adjustments were made to reflect the allocation of the preliminary purchase price to the acquired net assets, which included depreciation and intangible amortization expense resulting from the valuation of tangible and intangible assets, amortization of inventory fair value step-up adjustments and the related tax effects. The pro-forma results for 2013 were also adjusted to include transaction and restructuring costs of \$52 million, related to the Beechcraft acquisition; these costs were excluded from the 2014 pro-forma results. In addition, the pro-forma results exclude the financial impact related to Beechcraft's emergence from bankruptcy in 2013.

Goodwill

The changes in the carrying amount of goodwill by segment are as follows:

<i>(In millions)</i>	Textron Aviation	Bell	Textron Systems	Industrial	Total
Balance at December 29, 2012	\$ 326	\$ 31	\$ 974	\$ 318	\$ 1,649
Acquisitions	—	—	52	30	82
Foreign currency translation	—	—	—	4	4
Balance at December 28, 2013	326	31	1,026	352	1,735
Acquisitions	228	—	35	50	313
Foreign currency translation	—	—	(4)	(17)	(21)
Balance at January 3, 2015	\$ 554	\$ 31	\$ 1,057	\$ 385	\$ 2,027

Intangible Assets

Our Intangible assets are summarized below:

<i>(Dollars in millions)</i>	Weighted-Average Amortization Period (in years)	January 3, 2015			December 28, 2013		
		Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Patents and technology	15	\$ 513	\$ (92)	\$ 421	\$ 142	\$ (63)	\$ 79
Customer relationships and contractual agreements	15	364	(192)	172	331	(165)	166
Trade names and trademarks	16	263	(28)	235	49	(24)	25
Other	9	23	(18)	5	23	(17)	6
Total		\$ 1,163	\$ (330)	\$ 833	\$ 545	\$ (269)	\$ 276

Trade names and trademarks in the table above include \$204 million of indefinite-lived intangible assets at January 3, 2015. There were no indefinite-lived intangible assets at December 28, 2013.

Amortization expense totaled \$62 million, \$37 million and \$40 million in 2014, 2013 and 2012, respectively. Amortization expense is estimated to be approximately \$61 million, \$62 million, \$62 million, \$59 million and \$57 million in 2015, 2016, 2017, 2018 and 2019, respectively.

Finance receivables categorized based on the credit quality indicators discussed above are summarized as follows:

<i>(In millions)</i>	January 3, 2015	December 28, 2013
Performing	\$ 1,062	\$ 1,285
Watchlist	111	93
Nonaccrual	81	105
Total	\$ 1,254	\$ 1,483
Nonaccrual as a percentage of finance receivables	6.46%	7.08%

We measure delinquency based on the contractual payment terms of our finance receivables. In determining the delinquency aging category of an account, any/all principal and interest received is applied to the most past-due principal and/or interest amounts due. If a significant portion of the contractually due payment is delinquent, the entire finance receivable balance is reported in accordance with the most past-due delinquency aging category.

Finance receivables by delinquency aging category are summarized in the table below:

<i>(In millions)</i>	January 3, 2015	December 28, 2013
Less than 31 days past due	\$ 1,080	\$ 1,295
31-60 days past due	117	108
61-90 days past due	28	37
Over 90 days past due	29	43
Total	\$ 1,254	\$ 1,483
60+ days contractual delinquency as a percentage of finance receivables	4.55%	5.39%

Impaired Loans

On a quarterly basis, we evaluate individual finance receivables for impairment in non-homogeneous portfolios and larger balance accounts in homogeneous loan portfolios. A finance receivable is considered impaired when it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan agreement based on our review of the credit quality indicators discussed above. Impaired finance receivables include both nonaccrual accounts and accounts for which full collection of principal and interest remains probable, but the account's original terms have been, or are expected to be, significantly modified. If the modification specifies an interest rate equal to or greater than a market rate for a finance receivable with comparable risk, the account is not considered impaired in years subsequent to the modification. Interest income recognized on impaired loans was not significant in 2014 or 2013.

A summary of impaired finance receivables and the average recorded investment is provided below:

<i>(In millions)</i>	January 3, 2015	December 28, 2013
Recorded investment:		
Impaired loans with related allowance for credit losses	\$ 68	\$ 59
Impaired loans with no related allowance for credit losses	42	78
Total	\$ 110	\$ 137
Unpaid principal balance	\$ 115	\$ 141
Allowance for losses on impaired loans	20	14
Average recorded investment	115	155

Note 6. Accrued Liabilities

The accrued liabilities of our Manufacturing group are summarized below:

<i>(In millions)</i>	January 3, 2015	December 28, 2013
Customer deposits	\$ 1,412	\$ 888
Salaries, wages and employer taxes	332	246
Current portion of warranty and product maintenance contracts	169	142
Retirement plans	73	74
Other	630	538
Total	\$ 2,616	\$ 1,888

Changes in our warranty and product maintenance contract liability are as follows:

<i>(In millions)</i>	2014	2013	2012
Accrual at the beginning of period	\$ 223	\$ 222	\$ 224
Provision	334	299	255
Settlements	(323)	(293)	(250)
Acquisitions	67	—	—
Adjustments*	(20)	(5)	(7)
Accrual at the end of period	\$ 281	\$ 223	\$ 222

* Adjustments include changes to prior year estimates, new issues on prior year sales and currency translation adjustments.

Note 7. Debt and Credit Facilities

Our debt is summarized in the table below:

<i>(In millions)</i>	January 3, 2015	December 28, 2013
Manufacturing group		
Long-term senior debt:		
6.20% due 2015	\$ —	\$ 350
4.625% due 2016	250	250
Variable-rate note due 2016 (average rate of 1.48% and 1.54%, respectively)	150	150
5.60% due 2017	350	350
7.25% due 2019	250	250
Variable-rate note due 2018-2019 (average rate of 1.67%)	300	—
6.625% due 2020	234	246
5.95% due 2021	250	250
3.65% due 2021	250	—
4.30% due 2024	350	—
3.875% due 2025	350	—
Other (weighted-average rate of 1.32% and 1.57%, respectively)	77	85
Total Manufacturing group debt	\$ 2,811	\$ 1,931
Less: current portion of long-term debt	(8)	(8)
Total long-term debt	\$ 2,803	\$ 1,923
Finance group		
Fixed-rate note due 2014 (5.13%)	\$ —	\$ 100
Fixed-rate notes due 2014-2017* (weighted-average rate of 4.59%)	32	42
Variable-rate notes due 2016 (weighted-average rate of 1.73% and 1.78%, respectively)	200	200
Fixed-rate notes due 2017-2024* (weighted-average rate of 2.76% and 2.67%, respectively)	381	378
Variable-rate notes due 2015-2024* (weighted-average rate of 1.18% and 1.19%, respectively)	52	63
Securitized debt (weighted-average rate of 1.50%)	98	172
6% Fixed-to-Floating Rate Junior Subordinated Notes	299	299
Fair value adjustments and unamortized discount	1	2
Total Finance group debt	\$ 1,063	\$ 1,256

* Notes amortize on a quarterly or semi-annual basis.

income to the extent they are effective as cash flow hedges. Currency effects on the effective portion of these hedges, which are reflected in the foreign currency translation adjustments within Accumulated other comprehensive loss, were not significant in the periods presented.

Assets Recorded at Fair Value on a Nonrecurring Basis

During the years ended January 3, 2015 and December 28, 2013, the Finance group's impaired nonaccrual finance receivable of \$49 million and \$45 million, respectively, were measured at fair value on a nonrecurring basis using significant unobservable inputs (Level 3). Impaired nonaccrual finance receivables represent assets recorded at fair value on a nonrecurring basis since the measurement of required reserves on our impaired finance receivables is significantly dependent on the fair value of the underlying collateral. For impaired nonaccrual finance receivables secured by aviation assets, the fair values of collateral are determined primarily based on the use of industry pricing guides. Fair value measurements recorded on impaired finance receivables resulted in charges to provision for loan losses totaling \$18 million and \$7 million for 2014 and 2013, respectively.

Assets and Liabilities Not Recorded at Fair Value

The carrying value and estimated fair values of our financial instruments that are not reflected in the financial statements at fair value are as follows:

(In millions)	January 3, 2015		December 28, 2013	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Manufacturing group				
Long-term debt, excluding leases	\$ (2,742)	\$ (2,944)	\$ (1,854)	\$ (2,027)
Finance group				
Finance receivables, excluding leases	1,004	1,021	1,231	1,290
Debt	(1,063)	(1,051)	(1,256)	(1,244)

Fair value for the Manufacturing group debt is determined using market observable data for similar transactions (Level 2). At January 3, 2015 and December 28, 2013, approximately 75% and 70%, respectively, of the fair value of term debt for the Finance group was determined based on discounted cash flow analyses using observable market inputs from debt with similar duration, subordination and credit default expectations (Level 2). The remaining Finance group debt was determined based on observable market transactions (Level 1). Fair value estimates for finance receivables held for investment were determined based on internally developed discounted cash flow models primarily utilizing significant unobservable inputs (Level 3), which include estimates of the rate of return, financing cost, capital structure and/or discount rate expectations of current market participants combined with estimated loan cash flows based on credit losses, payment rates and expectations of borrowers' ability to make payments on a timely basis.

Note 9. Shareholders' Equity

Capital Stock

We have authorization for 15 million shares of preferred stock with a par value of \$0.01 and 500 million shares of common stock with a par value of \$0.125. Outstanding common stock activity for the three years ended January 3, 2015 is presented below:

(In thousands)	2014	2013	2012
Beginning balance	282,059	271,263	278,873
Exercise of stock options	1,910	1,333	1,159
Issued to Textron Savings Plan	1,490	1,921	2,159
Stock repurchases	(8,921)	—	(11,103)
Exercise of warrants	—	7,435	—
Issued upon vesting of restricted stock units	44	107	175
Ending balance	276,582	282,059	271,263

Earnings per Share

In February 2014, we entered into an Accelerated Share Repurchase agreement (ASR) with a counterparty and repurchased 4.3 million shares of our outstanding common stock. The initial delivery of shares under the ASR resulted in an immediate reduction of the outstanding shares used to calculate the weighted average common shares for basic and diluted earnings per share. We settled the ASR in December 2014 for a final purchase price of \$167 million.

Other Comprehensive Income (Loss)

The before and after-tax components of other comprehensive income (loss) are presented below:

<i>(In millions)</i>	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
2014			
Pension and postretirement benefits adjustments:			
Unrealized losses	\$ (734)	\$ 252	\$ (482)
Amortization of net actuarial loss*	114	(40)	74
Amortization of prior service credit*	(8)	4	(4)
Recognition of prior service cost	18	(7)	11
Pension and postretirement benefits adjustments, net	(610)	209	(401)
Deferred gains/losses on hedge contracts:			
Current deferrals	(16)	4	(12)
Reclassification adjustments	12	(3)	9
Deferred gains/losses on hedge contracts, net	(4)	1	(3)
Foreign currency translation adjustments	(71)	(4)	(75)
Total	\$ (685)	\$ 206	\$ (479)
2013			
Pension and postretirement benefits adjustments:			
Unrealized gains	\$ 1,019	\$ (410)	\$ 609
Amortization of net actuarial loss*	189	(67)	122
Amortization of prior service credit*	(2)	1	(1)
Recognition of prior service cost	29	(12)	17
Pension and postretirement benefits adjustments, net	1,235	(488)	747
Deferred gains/losses on hedge contracts:			
Current deferrals	(20)	5	(15)
Reclassification adjustments	(1)	—	(1)
Deferred gains/losses on hedge contracts, net	(21)	5	(16)
Foreign currency translation adjustments	13	(1)	12
Total	\$ 1,227	\$ (484)	\$ 743
2012			
Pension and postretirement benefits adjustments:			
Unrealized losses	\$ (417)	\$ 186	\$ (231)
Amortization of net actuarial loss*	124	(43)	81
Amortization of prior service cost*	5	(2)	3
Recognition of prior service cost	2	(1)	1
Pension and postretirement benefits adjustments, net	(286)	140	(146)
Deferred gains/losses on hedge contracts:			
Current deferrals	14	(3)	11
Reclassification adjustments	(15)	3	(12)
Deferred gains/losses on hedge contracts, net	(1)	—	(1)
Foreign currency translation adjustments	(6)	8	2
Total	\$ (293)	\$ 148	\$ (145)

*These components of other comprehensive income are included in the computation of net periodic pension cost. See Note 11 for additional information.

The stock option activity during 2014 is provided below:

<i>(Options in thousands)</i>	Number of Options	Weighted- Average Exercise Price
Outstanding at beginning of year	9,018	\$ 27.57
Granted	1,838	39.65
Exercised	(1,842)	(26.07)
Forfeited or expired	(377)	(38.35)
Outstanding at end of year	8,637	\$ 29.99
Exercisable at end of year	4,739	\$ 27.22

At January 3, 2015, our outstanding options had an aggregate intrinsic value of \$108 million and a weighted-average remaining contractual life of six years. Our exercisable options had an aggregate intrinsic value of \$73 million and a weighted-average remaining contractual life of five years at January 3, 2015. The total intrinsic value of options exercised during 2014, 2013 and 2012 was \$25 million, \$10 million and \$11 million, respectively.

Restricted Stock Units

We issue restricted stock units settled in both cash and stock (vesting one-third each in the third, fourth and fifth year following the year of the grant), which include the right to receive dividend equivalents. The fair value of these units is based on the trading price of our common stock and is recognized ratably over the vesting period. For units settled in stock, we use the trading price on the grant date, while units settled in cash are remeasured using the price at each reporting period date. Prior to 2012, we issued restricted stock units that vested in equal installments over five years. The 2014 activity for restricted stock units is provided below:

<i>(Shares/Units in thousands)</i>	Units Payable in Stock		Units Payable in Cash	
	Number of Shares	Weighted- Average Grant Date Fair Value	Number of Units	Weighted- Average Grant Date Fair Value
Outstanding at beginning of year, nonvested	780	\$ 27.56	2,025	\$ 23.73
Granted	217	39.44	433	39.65
Vested	(70)	(25.69)	(593)	(16.54)
Forfeited	(21)	(27.93)	(199)	(28.65)
Outstanding at end of year, nonvested	906	\$ 30.59	1,666	\$ 29.84

The fair value of the restricted stock awards that vested and/or amounts paid under these awards is as follows:

<i>(In millions)</i>	2014	2013	2012
Fair value of awards vested	\$ 25	\$ 26	\$ 35
Cash paid	23	23	25

Performance Share Units

The fair value of share-based compensation awards accounted for as liabilities includes performance share units, which are paid in cash in the first quarter of the year following vesting. Payouts under performance share units vary based on certain performance criteria generally set for each year of a three-year performance period. The performance share units vest at the end of three years. The fair value of these awards is based on the trading price of our common stock and is remeasured at each reporting period date. The 2014 activity for our performance share units is as follows:

<i>(Units in thousands)</i>	Number of Units	Weighted- Average Grant Date Fair Value
Outstanding at beginning of year, nonvested	895	\$ 28.08
Granted	296	39.70
Vested	(468)	(27.76)
Forfeited	(46)	(28.19)
Outstanding at end of year, nonvested	677	\$ 33.38

Obligations and Funded Status

All of our plans are measured as of our fiscal year-end. The changes in the projected benefit obligation and in the fair value of plan assets, along with our funded status, are as follows:

(In millions)	Pension Benefits		Postretirement Benefits Other than Pensions	
	2014	2013	2014	2013
Change in benefit obligation				
Benefit obligation at beginning of year	\$ 6,544	\$ 7,053	\$ 445	\$ 564
Service cost	109	133	4	6
Interest cost	334	290	19	19
Acquisitions	570	—	13	—
Amendments	12	16	(30)	(45)
Plan participants' contributions	—	—	5	4
Actuarial losses (gains)	886	(566)	4	(55)
Benefits paid	(400)	(373)	(47)	(48)
Foreign exchange rate changes and other	(49)	(9)	—	—
Benefit obligation at end of year	\$ 8,006	\$ 6,544	\$ 413	\$ 445
Change in fair value of plan assets				
Fair value of plan assets at beginning of year	\$ 6,345	\$ 5,715		
Actual return on plan assets	623	819		
Acquisitions	390	—		
Employer contributions	60	185		
Benefits paid	(400)	(373)		
Foreign exchange rate changes and other	(39)	(1)		
Fair value of plan assets at end of year	\$ 6,979	\$ 6,345		
Funded status at end of year	\$ (1,027)	\$ (199)	\$ (413)	\$ (445)

Amounts recognized in our balance sheets are as follows:

(In millions)	Pension Benefits		Postretirement Benefits Other than Pensions	
	2014	2013	2014	2013
Non-current assets	\$ 60	\$ 413	\$ —	\$ —
Current liabilities	(26)	(26)	(45)	(48)
Non-current liabilities	(1,061)	(586)	(368)	(397)
Recognized in Accumulated other comprehensive loss, pre-tax:				
Net loss	2,193	1,596	40	38
Prior service cost (credit)	110	114	(75)	(69)

The accumulated benefit obligation for all defined benefit pension plans was \$7.6 billion and \$6.1 billion at January 3, 2015 and December 28, 2013, respectively, which included \$392 million and \$359 million, respectively, in accumulated benefit obligations for unfunded plans where funding is not permitted or in foreign environments where funding is not feasible.

Pension plans with accumulated benefit obligations exceeding the fair value of plan assets are as follows:

(In millions)	2014	2013
Projected benefit obligation	\$ 3,096	\$ 2,828
Accumulated benefit obligation	2,900	2,629
Fair value of plan assets	2,215	2,215

The fair value of total pension plan assets by major category and level in the fair value hierarchy as defined in Note 8 is as follows:

(In millions)	January 3, 2015			December 28, 2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash and equivalents	\$ 27	\$ 194	\$ —	\$ 17	\$ 144	\$ —
Equity securities:						
Domestic	1,417	595	—	1,179	866	—
International	1,185	253	—	1,140	258	—
Debt securities:						
National, state and local governments	526	419	—	506	411	—
Corporate debt	—	950	—	—	638	—
Asset-backed securities	—	110	—	—	153	—
Private investment partnerships	—	—	380	—	—	305
Real estate	—	—	744	—	—	553
Hedge funds	—	—	179	—	—	175
Total	\$ 3,155	\$ 2,521	\$ 1,303	\$ 2,842	\$ 2,470	\$ 1,033

Cash equivalents and equity and debt securities include comingled funds, which represent investments in funds offered to institutional investors that are similar to mutual funds in that they provide diversification by holding various equity and debt securities. Since these comingled funds are not quoted on any active market, they are priced based on the relative value of the underlying equity and debt investments and their individual prices at any given time; accordingly, they are classified as Level 2. Debt securities are valued based on same day actual trading prices, if available. If such prices are not available, we use a matrix pricing model with historical prices, trends and other factors.

Private investment partnerships represent investments in funds, which, in turn, invest in stocks and debt securities of companies that, in most cases, are not publicly traded. These partnerships are valued using income and market methods that include cash flow projections and market multiples for various comparable companies. Real estate includes owned properties and investments in partnerships. Owned properties are valued using certified appraisals at least every three years, which then are updated at least annually by the real estate investment manager based on current market trends and other available information. These appraisals generally use the standard methods for valuing real estate, including forecasting income and identifying current transactions for comparable real estate to arrive at a fair value. Real estate partnerships are valued similar to private investment partnerships, with the general partner using standard real estate valuation methods to value the real estate properties and securities held within their fund portfolios. We believe these assumptions are consistent with assumptions that market participants would use in valuing these investments.

Hedge funds represent an investment in a diversified fund of hedge funds of which we are the sole investor. The fund invests in portfolio funds that are not publicly traded and are managed by various portfolio managers. Investments in portfolio funds are typically valued on the basis of the most recent price or valuation provided by the relevant fund's administrator. The administrator for the fund aggregates these valuations with the other assets and liabilities to calculate the net asset value of the fund.

The table below presents a reconciliation of the beginning and ending balances for fair value measurements that use significant unobservable inputs (Level 3) by major category:

(In millions)	Private Investment Partnerships	Real Estate	Hedge Funds
Balance at beginning of year	\$ 305	\$ 553	\$ 175
Actual return on plan assets:			
Related to assets still held at reporting date	(7)	6	4
Related to assets sold during the period	41	28	—
Purchases, sales and settlements, net	41	157	—
Balance at end of year	\$ 380	\$ 744	\$ 179

Estimated Future Cash Flow Impact

Defined benefits under salaried plans are based on salary and years of service. Hourly plans generally provide benefits based on stated amounts for each year of service. Our funding policy is consistent with applicable laws and regulations. In 2015, we expect to contribute approximately \$80 million to fund our pension plans and the RAP. Benefit payments provided below reflect expected future employee service, as appropriate, and are expected to be paid, net of estimated participant contributions. These payments are based on the same assumptions used to measure our benefit obligation at the end of fiscal 2014. While pension

Our future results may include favorable or unfavorable adjustments to our estimated tax liabilities due to settlement of income tax examinations, new regulatory or judicial pronouncements, expiration of statutes of limitations or other relevant events. As a result, our effective tax rate may fluctuate significantly on a quarterly and annual basis.

Our unrecognized tax benefits represent tax positions for which reserves have been established. Unrecognized state tax benefits and interest related to unrecognized tax benefits are reflected net of applicable tax benefits. A reconciliation of our unrecognized tax benefits, excluding accrued interest, is as follows:

<i>(In millions)</i>	January 3, 2015	December 28, 2013	December 29, 2012
Balance at beginning of year	\$ 284	\$ 290	\$ 294
Additions for tax positions related to current year	10	15	5
Additions for current year acquisitions	100	—	—
Additions for tax positions of prior years	—	1	2
Reductions for tax positions of prior years	(6)	(17)	(3)
Reductions for expiration of statute of limitations and settlements	(3)	(5)	(8)
Balance at end of year	\$ 385	\$ 284	\$ 290

At January 3, 2015 and December 28, 2013, approximately \$305 million and \$204 million, respectively, of these unrecognized tax benefits, if recognized, would favorably affect our effective tax rate in a future period. At January 3, 2015 and December 28, 2013, the remaining \$80 million in unrecognized tax benefits were related to discontinued operations.

It is reasonably possible that within the next 12 months our unrecognized tax benefits, exclusive of interest, may decrease in the range of approximately \$0 to \$215 million, as a result of the conclusion of audits and any related appeals or review processes, the expiration of statutes of limitations and additional worldwide uncertain tax positions. This potential decrease primarily relates to uncertainties with respect to prior dispositions and research tax credits. However, based on the process of finalizing audits and any required review process by relevant authorities, it is difficult to estimate the timing and amount of potential changes to our unrecognized tax benefits. Although the outcome of these matters cannot be determined, we believe adequate provision has been made for any potential unfavorable financial statement impact.

In the normal course of business, we are subject to examination by taxing authorities throughout the world, including major jurisdictions such as Canada, China, Germany, Japan, Mexico and the U.S. With few exceptions, we no longer are subject to U.S. federal, state and local income tax examinations for years before 1997. We are no longer subject to non-U.S. income tax examinations in our major jurisdictions for years before 2009.

During 2014, 2013 and 2012, we recognized net tax-related interest expense totaling approximately \$6 million, \$6 million and \$9 million, respectively, in the Consolidated Statements of Operations. At January 3, 2015 and December 28, 2013, we had a total of \$132 million and \$126 million, respectively, of net accrued interest expense included in our Consolidated Balance Sheets.

Note 13. Contingencies and Commitments

We are subject to legal proceedings and other claims arising out of the conduct of our business, including proceedings and claims relating to commercial and financial transactions; government contracts; alleged lack of compliance with applicable laws and regulations; production partners; product liability; patent and trademark infringement; employment disputes; and environmental, safety and health matters. Some of these legal proceedings and claims seek damages, fines or penalties in substantial amounts or remediation of environmental contamination. As a government contractor, we are subject to audits, reviews and investigations to determine whether our operations are being conducted in accordance with applicable regulatory requirements. Under federal government procurement regulations, certain claims brought by the U.S. Government could result in our suspension or debarment from U.S. Government contracting for a period of time. On the basis of information presently available, we do not believe that existing proceedings and claims will have a material effect on our financial position or results of operations.

In the ordinary course of business, we enter into standby letter of credit agreements and surety bonds with financial institutions to meet various performance and other obligations. These outstanding letter of credit arrangements and surety bonds aggregated to approximately \$790 million and \$298 million at January 3, 2015 and December 28, 2013, respectively.

Environmental Remediation

As with other industrial enterprises engaged in similar businesses, we are involved in a number of remedial actions under various federal and state laws and regulations relating to the environment that impose liability on companies to clean up, or contribute to the cost of cleaning up, sites on which hazardous wastes or materials were disposed or released. Our accrued environmental liabilities relate to installation of remediation systems, disposal costs, U.S. Environmental Protection Agency oversight costs, legal fees, and operating and maintenance costs for both currently and formerly owned or operated facilities. Circumstances that can affect the reliability and precision of the accruals include the identification of additional sites, environmental regulations, level of cleanup required, technologies available, number and financial condition of other contributors to remediation and the time period over which remediation may occur. We believe that any changes to the accruals that may result from these factors and uncertainties will not have a material effect on our financial position or results of operations.

Based upon information currently available, we estimate that our potential environmental liabilities are within the range of \$40 million to \$160 million. At January 3, 2015, environmental reserves of approximately \$80 million have been established to address these specific estimated liabilities. We estimate that we will likely pay our accrued environmental remediation liabilities over the next ten years and have classified \$24 million as current liabilities. Expenditures to evaluate and remediate contaminated sites approximated \$13 million, \$12 million and \$15 million in 2014, 2013 and 2012, respectively.

Leases

Rental expense approximated \$121 million, \$95 million and \$97 million in 2014, 2013 and 2012, respectively. Future minimum rental commitments for noncancelable operating leases in effect at January 3, 2015 approximated \$73 million for 2015, \$57 million for 2016, \$47 million for 2017, \$37 million for 2018, \$31 million for 2019 and \$193 million thereafter. The total future minimum rental receipts under noncancelable subleases at January 3, 2015 approximated \$23 million.

Note 14. Supplemental Cash Flow Information

We have made the following cash payments:

<i>(In millions)</i>	2014	2013	2012
Interest paid:			
Manufacturing group	\$ 134	\$ 124	\$ 135
Finance group	41	46	64
Net taxes paid (received):			
Manufacturing group	266	223	(7)
Finance group	23	(49)	43

Cash paid for interest by the Finance group included amounts paid to the Manufacturing group of \$11 million in 2012. Cash paid for interest by the Finance group to the Manufacturing group was not significant in 2014 and 2013.

Revenues by major product type are summarized below:

<i>(In millions)</i>	2014	2013	2012
Fixed-wing aircraft	\$ 4,568	\$ 2,784	\$ 3,111
Rotor aircraft	4,245	4,511	4,274
Unmanned aircraft systems, armored vehicles, precision weapons and other	1,624	1,665	1,737
Fuel systems and functional components	1,975	1,853	1,842
Specialized vehicles and equipment	868	713	660
Tools and test equipment	495	446	398
Finance	103	132	215
Total revenues	\$ 13,878	\$ 12,104	\$ 12,237

Our revenues included sales to the U.S. Government of approximately \$3.8 billion, \$3.7 billion and \$3.6 billion in 2014, 2013 and 2012, respectively, primarily in the Bell and Textron Systems segments.

Other information by segment is provided below:

<i>(In millions)</i>	Assets		Capital Expenditures			Depreciation and Amortization		
	January 3, 2015	December 28, 2013	2014	2013	2012	2014	2013	2012
Textron Aviation	\$ 4,085	\$ 2,260	\$ 96	\$ 72	\$ 93	\$ 137	\$ 87	\$ 102
Bell	2,858	2,899	152	197	172	132	116	102
Textron Systems	2,283	2,106	65	66	108	84	89	75
Industrial	2,171	1,956	97	89	97	76	72	70
Finance	1,529	1,725	—	—	—	13	18	25
Corporate	1,679	1,998	19	20	10	17	7	9
Total	\$ 14,605	\$ 12,944	\$ 429	\$ 444	\$ 480	\$ 459	\$ 389	\$ 383

Geographic Data

Presented below is selected financial information of our continuing operations by geographic area:

<i>(In millions)</i>	Revenues*			Property, Plant and Equipment, net**	
	2014	2013	2012	January 3, 2015	December 28, 2013
United States	\$ 8,677	\$ 7,512	\$ 7,586	\$ 2,015	\$ 1,701
Europe	1,761	1,535	1,655	272	288
Latin America and Mexico	1,261	878	893	44	45
Asia and Australia	1,155	1,111	1,264	74	80
Middle East and Africa	641	693	392	—	—
Canada	383	375	447	92	101
Total	\$ 13,878	\$ 12,104	\$ 12,237	\$ 2,497	\$ 2,215

* Revenues are attributed to countries based on the location of the customer.

** Property, plant and equipment, net are based on the location of the asset.

Schedule II — Valuation and Qualifying Accounts

<i>(In millions)</i>	2014	2013	2012
Allowance for doubtful accounts			
Balance at beginning of year	\$ 22	\$ 19	\$ 18
Charged to costs and expenses	11	7	4
Deductions from reserves*	(3)	(4)	(3)
Balance at end of year	\$ 30	\$ 22	\$ 19
Inventory FIFO reserves			
Balance at beginning of year	\$ 150	\$ 136	\$ 134
Charged to costs and expenses	51	54	42
Deductions from reserves*	(32)	(40)	(40)
Balance at end of year	\$ 169	\$ 150	\$ 136

* Deductions primarily include amounts written off on uncollectable accounts (less recoveries), inventory disposals and currency translation adjustments.

“COMPENSATION COMMITTEE REPORT,” “COMPENSATION DISCUSSION AND ANALYSIS” and “EXECUTIVE COMPENSATION” in the Proxy Statement for our Annual Meeting of Shareholders to be held on April 22, 2015 is incorporated by reference into this Annual Report on Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information appearing under “SECURITY OWNERSHIP” and “EXECUTIVE COMPENSATION – Equity Compensation Plan Information” in the Proxy Statement for our Annual Meeting of Shareholders to be held on April 22, 2015 is incorporated by reference into this Annual Report on Form 10-K.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information appearing under “ELECTION OF DIRECTORS — The Board of Directors--*Director Independence*” and “EXECUTIVE COMPENSATION — Transactions with Related Persons” in the Proxy Statement for our Annual Meeting of Shareholders to be held on April 22, 2015 is incorporated by reference into this Annual Report on Form 10-K.

Item 14. Principal Accountant Fees and Services

The information appearing under “RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM — Fees to Independent Auditors” in the Proxy Statement for our Annual Meeting of Shareholders to be held on April 22, 2015 is incorporated by reference into this Annual Report on Form 10-K.

PART IV

Item 15. Exhibits and Financial Statement Schedules

Financial Statements and Schedules — See Index on Page 37.

Exhibits

- | | |
|-------|---|
| 3.1A | Restated Certificate of Incorporation of Textron as filed with the Secretary of State of Delaware on April 29, 2010. Incorporated by reference to Exhibit 3.1 to Textron’s Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2010. |
| 3.1B | Certificate of Amendment of Restated Certificate of Incorporation of Textron Inc., filed with the Secretary of State of Delaware on April 27, 2011. Incorporated by reference to Exhibit 3.1 to Textron’s Quarterly Report on Form 10-Q for the fiscal quarter ended April 2, 2011. |
| 3.2 | Amended and Restated By-Laws of Textron Inc., effective April 28, 2010 and further amended April 27, 2011, July 23, 2013 and February 25, 2015. |
| 4.1 | Support Agreement dated as of May 25, 1994, between Textron Inc. and Textron Financial Corporation. Incorporated by reference to Exhibit 4.1 to Textron’s Annual Report on Form 10-K for the fiscal year ended December 31, 2011. |
| NOTE: | Instruments defining the rights of holders of certain issues of long-term debt of Textron have not been filed as exhibits because the authorized principal amount of any one of such issues does not exceed 10% of the total assets of Textron and its subsidiaries on a consolidated basis. Textron agrees to furnish a copy of each such instrument to the Commission upon request. |
| NOTE: | Exhibits 10.1 through 10.16 below are management contracts or compensatory plans, contracts or agreements. |
| 10.1A | Textron Inc. 2007 Long-Term Incentive Plan (Amended and Restated as of April 28, 2010). Incorporated by reference to Exhibit 10.1 to Textron’s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2012. |

- Benefits Plan for Textron Key Executives (As in effect before January 1, 2007). Incorporated by reference to Exhibit 10.4 to Textron's Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2010.
- 10.5B Amendments to the Textron Spillover Pension Plan, dated October 12, 2011. Incorporated by reference to Exhibit 10.5B to Textron's Annual Report on Form 10-K for the fiscal year ended December 31, 2011.
- 10.5C Second Amendment to the Textron Spillover Pension Plan, dated October 7, 2013. Incorporated by reference to Exhibit 10.5C to Textron's Annual Report on Form 10-K for the fiscal year ended December 28, 2013.
- 10.6A Deferred Income Plan for Textron Executives, Effective January 3, 2010, including Appendix A, Provisions of the Deferred Income Plan for Textron Key Executives (As in effect before January 1, 2008). Incorporated by reference to Exhibit 10.2 to Textron's Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2010.
- 10.6B First Amendment to the Deferred Income Plan for Textron Executives, dated November 7, 2013. Incorporated by reference to Exhibit 10.6B to Textron's Annual Report on Form 10-K for the fiscal year ended December 28, 2013.
- 10.6C Second Amendment to the Deferred Income Plan for Textron Executives, dated March 24, 2014. Incorporated by reference to Exhibit 10.4 to Textron's Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2014.
- 10.6D Third Amendment to the Deferred Income Plan for Textron Executives, dated December 12, 2014.
- 10.7A Deferred Income Plan for Non-Employee Directors, As Amended and Restated Effective January 1, 2009, including Appendix A, Prior Plan Provisions (As in effect before January 1, 2008). Incorporated by reference to Exhibit 10.9 to Textron's Annual Report on Form 10-K for the fiscal year ended January 3, 2009. (SEC File No. 001-05480)
- 10.7B Amendment No. 1 to Deferred Income Plan for Non-Employee Directors, as Amended and Restated Effective January 1, 2009, dated as of November 6, 2012. Incorporated by reference to Exhibit 10.8B to Textron's Annual Report on Form 10-K for the fiscal year ended December 29, 2012.
- 10.8A Severance Plan for Textron Key Executives, As Amended and Restated Effective January 1, 2010. Incorporated by reference to Exhibit 10.10 to Textron's Annual Report on Form 10-K for the fiscal year ended January 2, 2010. (SEC File No. 001-05480)
- 10.8B First Amendment to the Severance Plan for Textron Key Executives, dated October 26, 2010. Incorporated by reference to Exhibit 10.10B to Textron's Annual Report on Form 10-K for the fiscal year ended January 1, 2011.
- 10.8C Second Amendment to the Severance Plan for Textron Key Executives, dated March 24, 2014. Incorporated by reference to Exhibit 10.5 to Textron's Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2014.
- 10.9 Form of Indemnity Agreement between Textron and its executive officers. Incorporated by reference to Exhibit A to Textron's Proxy Statement for its Annual Meeting of Shareholders on April 29, 1987. (SEC File No. 001-05480)
- 10.10 Form of Indemnity Agreement between Textron and its non-employee directors (approved by the Nominating and Corporate Governance Committee of the Board of Directors on July 21, 2009 and entered into with all non-employee directors, effective as of August 1, 2009). Incorporated by reference to Exhibit 10.1 to Textron's Quarterly Report on Form 10-Q for the fiscal quarter ended October 3, 2009. (SEC File No. 001-05480)
- 10.11A Letter Agreement between Textron and Scott C. Donnelly, dated June 26, 2008. Incorporated by reference to Exhibit 10.1 to Textron's Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2008. (SEC File No. 001-05480)

- 10.18D Amendment No. 6 to Master Services Agreement between Textron Inc. and Computer Sciences Corporation, dated as of June 17, 2009. Incorporated by reference to Exhibit 10.22D to Textron's Annual Report on Form 10-K for the fiscal year ended January 1, 2011.
- 10.18E Amendment No. 7 to Master Services Agreement between Textron Inc. and Computer Sciences Corporation, dated as of September 30, 2010. * Incorporated by reference to Exhibit 10.22E to Textron's Annual Report on Form 10-K for the fiscal year ended January 1, 2011.
- 10.19 Agreement and Plan of Merger among Beech Holdings, LLC, Sky Intermediate Merger Sub, LLC, Textron Inc. and Textron Acquisition LLC, dated as of December 26, 2013. Incorporated by reference to Exhibit 10.19 to Textron's Annual Report on Form 10-K for the fiscal year ended December 28, 2013.
- 10.20 Term Credit Agreement, dated as of January 24, 2014 Among Textron, JPMorgan Chase Bank, N.A., as administrative agent, Citibank, N.A. and Bank of America, N.A., as syndication agents, The Bank of Tokyo-Mitsubishi UFJ, Ltd., as documentation agent, and other lenders named therein. Incorporated by reference to Exhibit 10.20 to Textron's Annual Report on Form 10-K for the fiscal year ended December 28, 2013.
- 12.1 Computation of ratio of income to fixed charges of Textron Inc.'s Manufacturing group.
- 12.2 Computation of ratio of income to fixed charges of Textron Inc., including all majority-owned subsidiaries.
- 21 Certain subsidiaries of Textron. Other subsidiaries, which considered in the aggregate do not constitute a significant subsidiary, are omitted from such list.
- 23 Consent of Independent Registered Public Accounting Firm.
- 24 Power of attorney.
- 31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 The following materials from Textron Inc.'s Annual Report on Form 10-K for the year ended January 3, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive Income (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Shareholders' Equity, (v) the Consolidated Statements of Cash Flows, (vi) the Notes to the Consolidated Financial Statements, and (vii) Schedule II – Valuation and Qualifying Accounts.

* Confidential Treatment has been requested for portions of this document.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below on this 25th day of February 2015 by the following persons on behalf of the registrant and in the capacities indicated:

<u>Name</u>	<u>Title</u>
<u>/s/ Scott C. Donnelly</u> Scott C. Donnelly	Chairman, President and Chief Executive Officer (principal executive officer)
*	
<u>Kathleen M. Bader</u>	Director
*	
<u>R. Kerry Clark</u>	Director
*	
<u>James T. Conway</u>	Director
*	
<u>Ivor J. Evans</u>	Director
*	
<u>Lawrence K. Fish</u>	Director
*	
<u>Paul E. Gagné</u>	Director
*	
<u>Dain M. Hancock</u>	Director
*	
<u>Lord Powell of Bayswater KCMG</u>	Director
*	
<u>Lloyd G. Trotter</u>	Director
*	
<u>James L. Ziemer</u>	Director
<u>/s/ Frank T. Connor</u> Frank T. Connor	Executive Vice President and Chief Financial Officer (principal financial officer)
<u>/s/ Mark S. Bamford</u> Mark S. Bamford	Vice President and Corporate Controller (principal accounting officer)
*By: <u>/s/ Jayne M. Donegan</u> Jayne M. Donegan, Attorney-in-fact	